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The Journal Gazette

SEPTEMBER 23, 1949 ASSOCIATED PRESS UNITED PRESS PRICE FIVE CENTS

$136,000 Spencerville Bank Shortage Bared: One Held, Hunt Cashier

D CAR DEALER ARRAIGNED ON FEDERAL CHARGE—Roy C. Chaney, Jr., 26-year-old Fort Wayne and car dealer, listens as U. S. Commissioner W. Robert Fleming, far left, informs him of his constitu- ghts. Right, a close-up view of Chaney as he hears the Federal warrant read charging him with U. S. mails to defraud in operating a check-kite scheme between the Farmers & Merchants State ... nd the Grabill Bank, Grabill.—Staff Photos.

The News-Sentinel . 23, 1949

One Man Held, Cashier Sought in Big Bank Loss

BULLETIN

While authorities guarded their comment, it was indicated that Clyde G. Rectenwall, 65, missing cashier sought in connection with shortages at the Farmers and Merchants State Bank at Spencerville, would be apprehended by the Federal Bureau of Investigation today.

Shortly before noon, U.S. Dist. Atty. Gilmore S. Haynie said that Rectenwall had not yet been picked up, insofar as he knew.

Federal authorities today were searching for a missing cashier of the Spencerville Farmers & Merchants State Bank as they investigated shortages at the DeKalb County Bank totaling an estimated $136,000.

The Federal Bureau of Investigation already had arrested Roy C. Chaney, Jr., used car dealer here and at Harlan in connection with a "check kite" swindle which accounted for $71,000 of the shortage.

Clyde G. Rectenwall, 65, cashier of the bank, is being sought by the FBI under a Federal warrant charging embezzlement and misapplication of funds and falsification of the bank's records.

The bank is estimated to be $65,000 short because of this embezzlement.

Rectenwall disappeared Monday while State Bank examiners were examining the records of the Spencerville bank to discover the source of discrepancies.

Chaney waived preliminary hearing and was bound over to Federal Grand Jury when arraigned before U.S. Commissioner W. Robert Fleming Thursday night. He was released after posting $5,000 bond. The Grand Jury is slated to meet Oct. 11 at South eBnd.

Promises Restitution

Chaney promised to make full restitution for the $71,000, according to Harvey G. Foster, special agent in charge of the FBI at Indianapolis. Foster said Chaney used the "check kite" system, taking advantage of the delay in mailing of checks from one bank to another, to build up a large overdraft in his accounts.

Foster said a series of checks was blocked at the Grabill Bank, leaving the bank at Spencerville short $71,000.

Officials said that as yet, they have uncovered no evidence which would indicate a connection between the "check kite" scheme and other shortages and falsification in the bank's records.

Rectenwald, described as a "respected citizen" of the community all of his life, reported at work at the bank Monday morning, but walked out of the building at 10 a.m. and has not been seen since.

Can't Locate Rectenwall

According to State Bank Examiner Francis J. Moore, conducting the examination of the banks accounts in co-operation with the Federal Deposit Insurance Corp., Rectenwall's whereabouts are not known. However, Moore said, "we believe he went to visit one of his relatives."

It was reported that he might be at the home of a sister. Mrs. Rectenwall was quoted as saying, when asked if seh knew where her husband was, "I do—but I'm not telling where. He's not very far away."—

Rectenwall had been cashier of the bank since it was founded in 1914. L. B. Fisher, president of the bank, described Rectenwall as a faithful employe.

Mr. Moore said Federal and State bank examiners began their investigation a week ago Thursday, and that a "kite" of several thousand dollars was noted then. In studying the "check kite," discrepancies were noted in checking and savings accounts records.

Moore said that in some instances, deposits were withheld and deposit records were "pulled." He said the irregularities covered a period of at least two years. All depositors are protected by the FDIC, Mr. Moore said.

Moore said the transfer will take about two weeks.

According to Maple T. Harl, chairman of the FDIC at Washington, arrangements were made to transfer deposits of the Spencerville bank to the Auburn State Bank, which also will take over all sound assets of the Spencerville Bank.

The FDIC will buy up the Spencerville bank's assets and then sell them to the Auburn bank, making up the dicerence in cash lost in the alleged swindling deals.

Business Continued

It was announced that business will continue as usual at the Spencerville Bank until the transfer of deposits is complete, and the bank at Spencerville then will be closed. The bank was reported to have deposits tb gaooutitnalM THTHEEE posits totaling about 460,000.

Chaney, 26, short, blond, and weighing about 220 pounds, has operated a used car lot for the past year and one-half at 759 West Superior St., Fort Wayne, under the name Chaney Motor Sales, Inc. He had an auto agency under the same name at Harlan. He is married and the father of four children, and lives three miles southwest of Spencerville.

Chaney's father, Roy C. Chaney, Sr., is a director of the Spencerville bank. Other directors, besides L. B. Fisher, president, are Roscoe G. Walter, A. I. Peters and W. J. Baker. Rectenwall also was a director of the bank.

Harold H. Miller, an employe of the Chaney Motor Sales firm here, today filed a petition in Allen Superior Court, asking t... ment of a receiver for the... Robert A. Buhler, attorney, w... appointed receiver for the firm and posted bond of $50,000.

Files Petition

The petition asks for a judgment of $200 for two weeks' back salary due him as manager of the used car business.

The petition asks for a judgment of $200 for two weeks' back salary due him as manager of the used car business.

Bank robberies in 1929 and 1947 brought the Spencerville Bank into temporary prominence.

On Oct. 2, 1929, three armed men entered the bank and forced Rectenwall to hand over $2,400. On April 2, 1947, a lone bandit forced Miss Margaret Chaney, bookkeeper, who was alone, into a vault and fled with $3,793. The bandit, later identified as Ralph M. Knox, 24, Butler, was arrested by the FBI n West Jefferson, O., and was sentenced to five years of imprisonent by Federal Judge Luther M... wygert.

Roy C. Chaney, Jr.

Nab Rectenwall In Ohio With $17.92 In Pockets; Bank Loss Now $206,967

BANK CASHIER HELD IN DEFAULT—Clyde G. Rectenwall, left, 65, cashier at the Farmers & Merchants State Bank of Spencerville, is shown as he was escorted to the city prison in Columbus, O., yesterday by Deputy U. S. Marshal Ralph Quellette. Rectenwall was arrested by FBI agents and jailed in default of $10,000 bond pending court action on his removal to Fort Wayne to face embezzlement charges.—AP Wirephoto

By BRUCE HUNT

Revised cash shortages at the Farmers and Merchants State Bank, Spencerville, swelled to a total of $206,967.36 yesterday while FBI agents trailed Clyde G. Rectenwall, missing 65-year-old cashier of the bank, to Columbus, O., where he was arrested on a Federal embezzlement charge.

Francis J. Moore, state bank examiner, said the amount allegedly embezzled by Rectenwall now stands at $140,000. Some increase in the figure may be expected pending completion of the investigation, he added. Moore's previous estimate of Rectenwall's alleged shortage was "more than $60.000."

The balance of the total shortage at the bank is $66,967.46, attributed to a check kite scheme. Roy C. Chaney, 26-year-old Fort Wayne and Harlan car dealer, was arrested by the FBI here Thursday on a Federal check kite charge in connection with the bank's shortage of funds.

Wasn't 'Hiding Out'

Moore said the check swindle loss, previously estimated at $71,000, now totals less since bank was "able to make some collections." He said the $66,967.46 check loss is a final figure for that part of the shortage.

Rectenwall, described as a "respectable citizen" by his associates, disappeared last Monday morning from the bank while Federal and state bank examiners worked meticulously uncovering shortages which apparently grew by the hour. He was arrested yesterday by the FBI in Columbus, O.. at the home of a relative.

"I wasn't hiding out," Rectenwall declared. "I came here (Columbus) to see relatives and settle my nerves. I didn't know they were ready to charge me yet."

Jailed In $10,000 Bond

The elderly gray-haired cashier, who drew a monthly salary of $150

Cont..

RECTENWALL

Cont.

at the bank, was arraigned in Columbus before acting U. S. Commissioner Howard E. Parker. He waived a preliminary hearing. His bond was set at $10,000 and he was taken to the City Prison in Columbus.

Parker said a removal hearing for Rectenwall will be conducted Monday by Federal Judge Nell G. Underwood and that the prisoner probably will then be returned to Fort Wayne for prosecution.

It appeared likely that Rectenwall, who is charged specifically with embezzlement, misapplication of funds and falsification of the bank's records, will be bound over to a Federal Grand Jury with Chaney next month. So far, the embezzlement and check kiting are two separate schemes, officials said, and no connection between the two has been established.

Where's $140,000?

What has happened to the $140,000 allegedly taken by Rectenwall remains a mystery.

"Nobody knows," L. B. Fisher, president of the Farmers and Merchants Bank at Spencerville, said last night. "That's the mysterious part of it."

"Everybody had all the confidence in the world in Mr. Rectenwall," Mr. Fisher said. "He wasn't a gambler or a drinker and we had the highest regard for his character."

When Rectenwall was picked up by the FBI, he had $17.92 in his pockets. He wore steel-rimmed glasses, blue striped shirt and a blue suit. Asked by the turnkey at the Columbus City Prison if he was a banker by occupation, Rectenwall replied:

"I was."

Largest On Record

State Bank Examiner Moore commented yesterday that the Spencerville bank shortage, in proportion to the total assets of the institution, is the largest percentage of missing funds ever uncovered in any bank, as far as he knows. Total resources of the Spencerville bank are $528,158, although this figure too may have to be revised, he said.

Moore said business was going on "as usual" at the bank yesterday again. The depositors are satisfied they will get their money, he asserted.

All deposits, guaranteed by the Federal Deposit Insurance Corporation, are absolutely safe, under the transfer plan Moore pointed out. Arrangements have been made for all assets of the Spencerville bank to be transferred to the Auburn State Bank as soon as possible. Moore said this probably will take about two weeks.

Cont

Rectenwall Cont.

Examiners checking the bank's books found new shortages and said complete ramifications of the two plots will not be known until the examination is finished.

Wife's Account Tapped

"We keep finding new shortages as more depositors come in to check their balances against the bank's records," Moore said. "We've also found misplaced deposit slips all over the place and there are some places where we haven't even looked yet."

Examiners disclosed yesterday that even the bank account of Mrs. Fisher, wife of the bank's president, had been tampered with in the amount of "several thousand dollars."

Harold H. Miller, an employe of the Chaney Motor Sales firm here, yesterday filed a petition in Allen County Superior Court 1 asking the appointment of a receiver for the firm. Robert A. Buhler, attorney, was named receiver for the firm and posted bond of $50,000.

Miller, in the petition, asks a judgment of $200 for two weeks' back salary due him as manager of the used car business.

Unknown Paper Unknown Date

LEAVES OHIO JAIL

Cashier in Spencerville Bank Fraud Being Returned Here

CLYDE G. RECTENWALL, 65-year-old Spencerville bank cashier who has been held in Columbus, O., city prison since Sept. 23 on Federal bank embezzlement charges, was scheduled to arrive in Fort Wayne today for prosecution, Ohio Federal authorities said early today.

Rectenwall, whose fraudulent activities have resulted in the loss of an estimated $140,000 at the Farmers & Merchants State Bank in Spencerville, was to have arrived here at noon, accompanied by U.S. Deputy Marshall Ralph Quellette of Columbus and placed in the Allen County Jail, pending investigation by Federal Grand Jury.

Jailed Under $10,000 Bond

A removal hearing of the aging bank employee was conducted in Columbus, where he was arrested, on Tuesday before Federal Judge Mel G. Underwood. Rectenwall was arranged in Columbus earlier and placed in jail under $10,000 bond after he waived preliminary hearing.

The "life-long" employe of the Spencerville bank is being held on charges of embezzlement, misapplication of funds and falsification of bank records. Discovery of his activities were made when the bank discovered a shortage of more than $200,000. Also being held in regard to the shortages is Roy C. Chaney, 26-year-old Fort Wayne and Harlan car dealer, who is involved in a check-kiting scheme involving $66,967.46.

Both Chaney and Rectenwall will, in all probability, face the Federal Grand Jury together here, although, to date, no connection between the two cases has been established.

Chaney is presently free on bond.

EMBEZZLER RETURNED—Clyde G. Rectenwall, 65-year-old Spencerville bank cashier, is shown leaving the Fort Wayne Federal Building here today accompanied by U. S. Marshall Charles Bandt on the way to the Allen County Jail, where he will be held, pending Grand Jury investigation on charges that he embezzled an estimated $140,000 from the Farmers and Merchants Bank in Spencerville. Rectenwall was returned here today by Federal officials in Columbus, O., where he was arrested Sept. 23.

Sept 29, 1949 St Joe News

Spencerville Bank Cashier Left Holding Empty Bag

Shortage Estimates Vary From $136.000 To Over $200,000

The Spencerville community suffered another in a series of jolts during the past few years when an examination of the books of the Farmers and Merchants State Bank showed a shortage of funds totalling more than one-fourth of the bank's deposits.

First to be arrested last week was Roy C. Chaney, Jr., Harlan and Ft. Wayne car dealer, who used a check kiting scheme whereby he deposited checks at the Spencerville bank drawn from the Grabill bank, without sufficient funds to cover the amounts.

On Friday afternoon Clyde G. Rectenwall was arrested at the home of relatives in Columbus, O., on charges of embezzling approximately $140,000 from the bank. He is being held. pending further investigation of the bank's accounts. When arrested Rectenwall had seventeen dollars and some odd cents on his person.

Examiners report that there doesn't seem to be any connection between the two shortages. However no announcement has been made as to the whereabouts of the $140,000 dollars. The irregularities in the account cover a period of only the past two years.

Meanwhile banking is being carried on as usual while the Auburn State Bank works on legal details to transfer the accounts to its control.

The Journal Gazette
NG, OCTOBER 4, 1949 SECOND SECTION

RECTENWALL RETURNED TO FORT WAYNE—Clyde G. Rectenwall, 66, who is charged with embezzling $140,000 at the Farmers and Merchants Bank in Spencerville, was returned yesterday from Columbus, O., where he was arrested September 23. Rectenwall, left, is shown at City Hall being fingerprinted by Denton Habecker, of the Bureau of Identification. Watching is U. S. Marshal Charles Bandt, into whose custody the prisoner was placed.—Staff Photo.

Rectenwall Returned Here; Refuses Comment On Case

Refusing to comment on the Federal embezzlement charges that he faces, Clyde Grover Rectenwall, 66, was returned to Fort Wayne yesterday from Columbus, O., where he was arrested September 23 by the FBI.

Here the tight lipped, gray-haired little former bank cashier will await action of the Federal Grand Jury. Bank examiners have disclosed there is a $140,000 shortage in the Farmers and Merchants Bank in Spencerville and under the U. S. charges Rectenwall is accused of juggling bank records.

The Grand Jury will meet in South Bend October 11, at which time the office of the U. S. District Attorney for Northern Indiana will present its case against Rectenwall.

Awaits Attorney

Wearing a neat blue suit and a house-gray hat, the former Spencerville bank cashier stepped off the train around noon and was turned over to Charles Bandt, local U. S. Marshal. He was then taken to the Allen County Jail where he is awaiting the arrival of his attorney, Edgar W. Atkinson, Auburn. When the lawyers arrives, he presumably will talk with U. S. Commissioner W. Robert Fleming about posting bond for Rectenwall. The bond has been set at $10,000.

(cont.

Rectenwall cont.

Marshal Bandt took Rectenwall to the City Hall about 2:40 p.m. yesterday to have him fingerprinted and give information for police records. Except for answering questions put to him, Rectenwall remained completely silent and refused to make any comment on his present situation.

Return Ordered

The prisoner was brought to Fort Wayne by the Columbus marshal after Federal Judge Mel G. Underwood had ruled last Tuesday that he be returned to this district.

When the grand jury investigates the charges against Rectenwall, it also will consider check charges against Roy C. Chaney, Jr., 26-year-old, Harlan and Fort Wayne automobile dealer. Chaney is charges with kiting nearly $67,000 in checks resulting in a loss to the bank of that sum. So far, bank examiners report, no connection has been established between Rectenwall's activities and the Chaney transactions.

Rectenwall gave his birthdate as September 16, 1883, in Neapolis, O. He was a "life-long" employe of the Spencerville bank.

The News-Sentinal

, FRIDAY, OCTOBER 7, 1949 unknown Paper unknown Date

Spencerville Bank Assets Shift Slated

Funds of Ill-fated Banking House Go To Auburn Saturday

Effective Saturday, the assets of the Farmers and Merchants State Bank at Spencerville, which are being liquidated after shortages totaling more than $206,000 were discovered, will be shifted to the Auburn State Bank.

Officials said all saving and checking accounts will be transferred, and beginning Monday at 9 a.m. Spencerville bank depositors could do their business with the Auburn Bank.

Spencerville Bank stockholders met Thursday and approved the step. Officials pointed out then that the transfer plan was set up by the Federal Deposit Insurance Corp. to guarantee full coverage for all depositors.

Along with the transfer of funds, FDIC funds to cover the shortages will be deposited in the Auburn bank.

Fraud Suspect in Jail

Clyde G. Rectenwall, 65-year-old cashier at the Spencerville bank who is now charged with embezzling $140,000, was arrested by the FBI agents Sept. 23 in Columbus, O. At present he is being held under $10,000 bond in Allen County Jail pending action by a Federal Grand Jury which meets Tuesday in South Bend.

Another man involved in the bank's loss is Roy C. Chaney, Jr., 26, Fort Wayne and Harlan car dealer, who was seized by FBI agents Sept. 22. Charged with obtaining $66,000 through a check kite scheme, he is also bound over to the grand jury under $5,000 bail.

At present it appears that the Federal and state investigation of the Spencerville bank records will continue, and the audit will take several more weeks to complete.

Shifting Assets Of Farmers Bank

Assets of the Farmers and Merchants State Bank at Spencerville, which is being liquidated following the disclosure of shortages totaling more than $206,000, will be transferred to the Auburn State Bank, effective Saturday, it was announced yesterday.

Patrons of the Spencerville bank will conduct their banking at the Auburn bank starting at 9 a.m. Monday. Officials said all accounts, both checking and saving, will be transferred.

Stockholders of the Spencerville bank met yesterday and approved the change. The transfer plan was set up by the Federal Deposit Insurance Corporation, officials pointed out, to guarantee full coverage for all depositors of the Spencerville bank.

Two Held In Swindles

Funds provided by the FDIC to cover the shortages will be deposited in the Auburn State Bank in conjunction with the transfer, officials said.

Charged with embezzling approximately $140,000, Clyde G. Rectenwall, 65-year-old cashier at the bank, was arrested by FBI agents September 23 in Columbus, O. He now is being held under $10,000 bond in the Allen County Jail pending action by a Federal Grand Jury which meets next Tuesday in South Bend.

Also involved in the bank swindle, Roy C. Chaney, Jr., 26-year-old Fort Wayne and Harlan auto dealer, was taken into custody by the FBI here September 22. He is charged with collecting more than $66,000 on a check kite scheme worked through the Spencerville bank. He also was bound over to the Federal Grand Jury. He was released on $5,000 bond.

Still Confused

Federal and state bank examiners yesterday continued their investigation of the Spencerville bank's records. They said the audit would take several more weeks to complete.

"We're still in a turmoil," one examiner said.

Shortage cont. - Oct 13.

Insurance Corp. reported Monday that the four examiners who have worked steadily on the books since Sept. 24 are still uncovering shortages at Spencerville bank. Nearly every one of the 903 checking and saving accounts have been tampered with in a shortage that may reach $350,000, or over half of the bank's total deposits of $674.355.34.

The Auburn State Bank took over the deposits of the Farmers & Mechants State Bank at Spencerville during the week end. The transfer was made after the close of business at the Spencerville Bank at noon Saturday. The final legal details in connection with the transfer were completed Friday.

Stockholders of the Spencerville Bank met Friday and approved the transfer of the checking and savings accounts and also authorized the sale of the remaining assets of the bank to the Federal Deposit Ins. Corp. The directors of the Auburn State Bank met Friday afternoon and adopted a resolution whereby the institution agrees to handle the accounts. The FDIC will supply enough money to bring the total amount to be transferred equal to the deposit liability.

Officials at the Spencerville bank reported on Monday that patrons of the bank who have checking accounts may continue to write their checks on the Farmers and Mercants check forms. Officials at the Auburn banking firm stated, however, they are hoping that all Spencerville depositors will call at their earlies convenience to obtain the new forms.

Through action of the FDIC all deposits in the Spencerville bank, whether under or over $5,000, were protected and not a single depositor will lose a cent as a result of the big shortage in accounts. The only loss will be to the stockholders who will lose their investment.

Mr. Rectenwall was bonded in the sum of $35,000 with the American Surety Co., and the FDIC will file a claim for the entire amount of the bond.

Thurs. Oct 13, 1949 St Joe News

Shortage May Reach $350,000; Deposits Transferred To Auburn

Examiners Say That Nearly All Of 903 Accounts Were Tampered With; Auburn Bank Assumes Deposits

Officials of the Federal Deposit

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Unknown Paper
Oct 13, 1949

Rectenwall Free On $20,000 Bond

Oct. 13, 1949

Clyde G. Rectenwall, 65, former cashier at the Farmers and Merchants State Bank, Spencerville, who is charged with embezzling more than $140.000, yesterday was released from the Allen County Jail on $20,000 bond.

The gray-haired former bank cashier had been held in jail after being arrested by the FBI two weeks ago in Columbus, O. The $20,000 property bond was posted by Mrs. Rectenwall and Mr. and Mrs. C. E. Chapman of Spencerville. Evidence in the bank shortage is scheduled for investigation by the Federal Grand Jury now in session in South Bend.

3 MORE INDICTED IN FRAUD

Teacher, Two Others Named In Bank Deal

By BRUCE HUNT

Three more persons accused of participating in the $350,000 Spencerville bank fraud, described by officials as one of the most intricate banking swindles ever uncovered, have been indicted by the Federal Grand Jury.

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Cont. - 3 more

Oct 28, 1949

Andrew J. Miller, 41, Leo hatchery owner, was arrested yesterday by Deputy U. S. Marshal Charles Bandt as one of the defendants. He was released after posting $5,000 bond.

U. S. District Attorney Gilmore S Haynie identified the other two defendants as Dale C. Wicoff, Spencerville school teacher, and Ray Hoover, Spencerville grocer. They are expected to be taken into custody by the marshal today.

Rectenwall Named

Two others previously arrested by the FBI also were named defendants in the 21-count indictment. They are Clyde G. Rectenwall, 65, former cashier at the Farmers and Merchants State Bank, Spencerville, and Leroy Chaney, Jr., alais R. C. Chaney, Jr., 26-year-old Fort Wayne and Harlan car dealer. Rectenwall and Chaney were released on bond.

District Attorney Haynie yesterday made public contents of the indictment, which was returned October 14 by the Federal Grand Jury in South Bend. The heretofore secret charges were not disclosed previously, pending arrest of the defendants.

'Aiding And Abetting'

Rectenwald, key man in the mazy fraud, is charged with misapplication of the bank's funds on 21 counts. The other four defendants are charged with "aiding and abetting" Rectenwall in the misapplication of funds.

"It's one of the most involved bank frauds ever uncovered," Mr. Haynie said. "This is in view of the thousands of worthless checks by the defendants."

The defendants are charged with operating the check swindle over the last three years, between October 15, 1946, and September 1, 1949.

Thousands Of Checks

Officials said thousands of worthless checks had been written and cashed at the Farmers and Merchants State Bank during the last several years. Some were for small amounts and others for large sums running into thousands of dollars.

The money allegedly was used by the defendants for multitudinous personal expenses, from buying property and business equipment to paying for magazine subscriptions.

Rectenwall allegedly honored the bogus checks for the defendants and then manipulated the depositors' accounts to balance the bank's records.

Miller is charged specifically with writing five checks totaling $9,300 drawn on the bank without having sufficient funds in his account. The same charge was returned against Hoover in the amount of $601.16 received from five checks, and against Wicoff for two checks totaling $265.26.

In the 21-count indictment, Chaney also is charged with writing four checks, totaling $6,330.60, drawn on the bank without sufficient funds in his account to cover the checks. This is in addition to a separate six-count indictment returned against Chaney charging him with kiting checks totaling more than $37,000 between the Farmers and Merchants State

Continued On Page 2.

FRAUD SUSPECT — Andrew J. Miller, 41, Leo hatchery owner, was arrested yesterday on a Federal Grand Jury indictment for participating in the $350,000 Spencerville bank fraud. Two others indicted on similar charges are expected to be apprehended today.— Staff Photo.

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Cont

ARRESTED IN SPENCERVILLE BANK FRAUD—Ray Hoover, 48, left, and Dale C. Wicoff, 32, right, both of Spencerville, are shown after their arrest yesterday. Both were indicted by the Federal Grand Jury for participating in the $350,000 bank fraud at the Farmers and Merchants State Bank in Spencerville. Another man, Lessil O. Bardsley of Harlan, also was arrested yesterday at Houghton Lake, Mich., in connection with the alleged swindle. Three others arrested previously also were indicted in the bank fraud.—Staff Photo.

anxiously, clutching their pass books and deposit receipts—the only evidence they have of the amounts entrusted to Rectenwall's care. On a table in the bank stood a two foot stack of monthly statements; few of the depositors ever had bothered to get theirs. And in the bank's vaults lay thousands of checks Rectenwall had honored, but for which payments never were entered on the bank's ledgers.

Strangely, few of the depositors expressed a desire to withdraw their accounts, which now are being handled by the Auburn State bank in nearby Auburn.

Elsewhere in town, little knots of people gathered to discuss the fraud, which went undiscovered for eight years, in hushed tones.

Surprise Expressed

"It certainly surprised me," commented ealderly Dayton Webb, a lifelong resident of this little community of 400 people.

One of the accused, Dale Wicoff, was on the job as usual today, teaching 7th and 8th grade pupils and conducting an agricultural class for high school students in the Spencerville school. His pupils said they had tried to act as if nothing had happened.

Implicated with Rectenwall in the fraud are Wicoff, Groceryman Ray Hoover, Andrew J. Miller, a hatchery owner of Leo, Ind.; Lesill O. Bardsley, a trucker of Harlan, Ind., and Roy C. Chaney Jr., a Harlan and Fort Wayne auto dealer. All are accused of having aided and abetted Rectenwall, who cashed worthless checks totaling thousands of dollars for them.

ooted Bank's Patrons Get the Sad News

BY JOHN McCUTCHEON
[Chicago Tribune Press Service]

Spencerville, Ind., Oct. 21—Long lines of depositors of the Farmers and Merchants State bank filed slowly into the bank's old one story brick building today to check their accounts.

The sober faced customers gave the movement the aspect of a funeral procession. Stunned by the revelation that Cashier Clyde G. Rectenwall allegedly had handed out some $350,000 of the bank's money to five prominent friends, the bank's clients had litle reaction other than surprise.

Franklin Fell, in charge of the Federal Deposit Insurance corporation's investigation of the fraud, said some 200 of the 900 depositors have been in to inquire about their accounts in the last day or two. Nearly every account was found to be short, Fell said.

Statements Await Them

The depositors entered the bank

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Cont

Unknown Date Unknown Paper

Harlan Trucker Arrested For Part In Bank Fraud

Lessil Bardsley, Indicted By Grand Jury, Nabbed At Houghton Lake, Mich.

Lessil O. Bardsley, Harlan trucker, the sixth person indicted by the Federal Grand Jury in connection with the $350,000 Spencerville bank fraud, was arrested yesterday at Houghton Lake, Mich., by the Michigan State Police.

Two others also indicted in the bank swindle were taken into custody yesterday in Spencerville by Deputy U. S. Marshal Charles Bandt. They are Dale C. Wicoff, 32, Spencerville school teacher, and Ray Hoover, 48, a grocer at Spencerville. Wicoff and Hoover were released after posting $10,000 property bond each.

U. S. District Attorney Gilmore S. Haynie said Bardsley was taken to Bay City, Mich., following his arrest and was to be arraigned before the U. S. commissioner there. Bardsley's bond was set at $5,000.

Insufficient Funds

John E. Hoffman, Jr., attorney for Bardsley, said Bardsley is expected to be released today under bond.

In the 21-count indictment returned by the Federal Grand Jury in South Bend October 14, Bardsley is charged with writing five checks totaling $888.26 drawn on the Farmers and Merchants State Bank at Spencerville without sufficient funds in his account.

Hoover faces charges of originating five checks totaling $601.16 without sufficient funds in his account to cover the checks. Wicoff is under the same charge for two checks totaling $265.26.

Others Indicted

Others charged in the indictment are Andrew J. Miller, 41, Leo hatchery owner who was arrested Wednesday; Leroy Chaney, Jr., 26, Fort Wayne and Harlan car dealer, and Clyde G. Rectenwall, 65, former cashier at the Spencerville bank. All three were released under bond.

Rectenwall, named in all 21 counts of the indictment, is charged with misapplication of the bank's funds. He allegedly took funds and paid the face value of the checks written by the five other defendants. The others are charged with "aiding and abetting" Rectenwall in the misapplication of funds.

Federal accountants investigating the bank records still confirmed their $350,000 estimate of shortages at the Spencerville bank. They pointed out that a considerable portion of the loss still is unaccounted for. The investigation is expected to continue at least two months.

'Mixup In Accounts'

After his arrest yesterday, Wicoff said the whole incident was an outgrowth of the mixup in bank accounts. He said he had not been able to get a statement on his checking account at the Spencerville bank for two years. Hoover declined to comment other than to say, "Everything will come out later."

Harlan Trucker Arrested In Mixedup Bank Fraud

ONE MORE name was added to the list of those implicated in the Spencerville Bank fraud when Lessil O. Bardsley, Harlan trucker, was arrested Thursday at Houghton Lake, Mich., by the Michigan State Police. Bardsley was indicted by the Federal Grand Jury Oct. 14 in connection with the $350,000 bank loss, but his was one of several secret indictments not disclosed pending his arrest.

Federal authorities here said Bardsley was taken to Bay City, Mich., after his arrest and was to have been arraigned before the U.S. Commissioner there. His bond was set at $5,000, and Bardsley's attorney expected to secure his release today.

The Federal Grand Jury's 21-count indictment charges Bardsley with writing five checks totaling $888.26 drawn on the Farmers and Merchant State Bank at Spencerville.

Others Implicated

Dale C. Wicoff, 32, Spencerville school teacher, and Ray Hoover, 48, a grocer at Spencerville, were arrested Thursday and released after posting $10,000 property bonds each.

Others charged in indictments are Andrew J. Miller, 41, Leo hatchery owner who was arrested Wednesday; Leroy Chaney, Jr., 26, Fort Wayne and Harlan car dealer, and Clyde G. Rectenwall, 65, former cashier at the Farmers & Merchants State Bank at Spencerville. All are out on bond.

U.S. Dist. Atty. Gilmore Haynie called the tangle "one of the most involved bank frauds ever uncovered." Authorities said thousands of worthless checks apparently were honored by Rectenwall and then stashed away in a bank vault with no record made of payments.

Noble F. Schlatter, an assistant Federal District Attorney, said one of the most amazing aspects of the eight-year "manipulation" was that Rectenwall apparently never profited by a single dollar.

Chaney's 'Take' Largest

Schlatter said Chaney's estimated $130,000 "take" made him the principal "beneficiary" of the alleged money-mixup.

He estimated Miller's "profit" at $30,000; Wicoff's at $5,000 to $6,000; Hoover's at between $16,000 and $19,000, and Bardsley's at a little over $800. However, Schlatter said, more than 1,000 of Bardsley's checks appeared to be worthless.

He pointed out that examiners have checked only a quarter of the bank's accounts during the current investigation.

Although Rectenwall has refused to discuss the reported fraud since his arrest last month at Columbus, O., Schlatter said the alleged shortages apparently stemmed from his friendship with the other principals —all identified as prominent men in their communities.

Schlatter saiad Rectenwall apparently was unwilling to press them when they overdrew their checking accounts. He explained:

"Probably someone had an overdraft and Rectenwall, who was in complete charge of the bank's operation and handled all transactions personally, just let it slide. After that happened several times, he found himself in so deep he had to begin juggling books."

The Federal officials said:

"We're still investigating one case involving more than 1,000 worthless checks. We'd have to bring our evidence to the grand jury in a truck."

Unknown Paper Unknown Date

Chaney Indicted On 6 Counts In Bank Fraud Case

Indictments in the Spencerville bank swindle and the Fort Wayne counterfeiting scheme recently uncovered by Federal agents were returned yesterday by the Federal Grand Jury in South Bend.

The jurors reported 10 indictments in Fort Wayne Division cases. Six of these are secret, pending arrest of the individuals involved.

Roy C. Chaney, Jr., 26-year-old Fort Wayne and Harlan auto dealer, was indicted on six counts for check-kiting between the Farmers and Merchants State Bank at Spencerville and the Grabill Bank. Chaney allegedly netted more than $65,000 from the check scheme.

Charges Not Disclosed

Clyde G. Rectenwall, 65-year-old cashier at the Spencerville bank, also was indicted. Contents of this indictment were not disclosed. The former bank employe was arrested by FBI agents in Columbus, O., September 23, four days after disappearing from the bank while examiners were conducting an audit. He was charged with embezzling approximately $140,000.

Chaney was released on $5,000 bond soon after his arrest here by the FBI last September 22. Yesterday his bond was raised to $10,000. Rectenwall won temporary freedom several days ago by posting $20,000 property bond.

Oct 30 1949 The News-Sentinel

Three Men Nabbed for Aiding In Spencerville Bank Fraud

Two men were taken into custody today and one was arrested Wednesday, the trio being charged with complicity in the $350,000 Spencerville Bank fraud.

The two defendants picked up this morning were Dal C. Wicoff, Spencerville school teacher, and Ray Hoover, grocer in Spencerville.

Both men refused to make any

* * *

Dale C. Wicoff

comment on the charges brought against them. Wicoff did claim that the whole incident was an outgrowth of the mixup in bank accounts. He stated that in the case of his account he had been unable for two years to get a statement on his checking account with Spencerville bank.

Wicoff commented that he, like most other depositors, had never kept a close check on his account. Hoover refused to say anything, claiming that "everything will come out later."

Arrested Wednesday by U.S. Marshal Charles Bandt was Andrew J. Miller, 41, Leo hatchery owner, who was released after posting $5,000 bond.

District Attorney Haynie released the contents of the indictments Wednesday afternoon. They were returned Oct. 14 by the Federal Grand Jury in South Bend, and had not previously been made public pending arrest of the parties named.

All three of the new defendents in the fraud are charged with aiding and abetting Clyde G. Rectenwall, 65-year-old bank cashier, in in his misapplication of funds. A previous indictment by the grand jury already charged Rectenwall, arrested at Columbus, O., by FBI men, with 21 counts of misapplying bank funds.

Chaney Also Cited

Leroy Chaney, Jr., 26, used car dealer of Harlan, already indicted on six charges of check kiting totaling more than $37,000, now also faces another charge of writing four checks for $6,330 without sufficient funds.

Miller has been accused of writing five worthless checks worth $9,300, Hoover five checks with a value of $601 and Wicoff two checks for $265.

"It's one of the most involved bank frauds ever uncovered in view of the thousands of dollars in worthless checks cashed by the defendants," Haynie was quoted as saying.

As it now stands, charges against Rectenwall, the white-haired bank employe, hold him responsible for a shortage of $350,000, nearly half the Spencerville bank's deposits.

Go Back Eight Years

Frank Fell, an investigator for the Federal Deposit Insurance Corp., has stated that auditors have found shortages going back eight years. Some ran as high as $18,000 in a single day, he reported.

Fell explained that prosecutions will cover only defaults in the last three years, because of legal limitations. The auditing of the Farmers & Merchants State Bank in Spencerville is expected to continue for two more months.

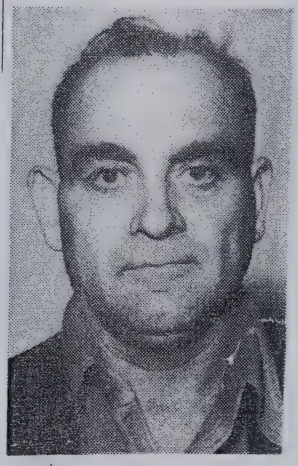
Bank examiners say the investigation is not yet complete, but enough evidence has been uncovered to bring charges against Rectenwall and the other four. The cashier is alleged to have honored bogus checks and then manipulated depositors' accounts to balance the book.

The money apparently was used by the defendants for a variety of personal expenses, from buying property and business equipment to paying for magazine subscriptions.

Rectenwall is now at liberty after his wife and friends posted a $20,000 property bond.

All assets of the Farmers & Merchants State Bank were transferred to the Auburn State Bank Oct. 8 and all deposits are guaranteed in full by the FDIC. Following the investigation at the Spencerville bank it will be completley liquidated.

* * *



Ray Hoover

The News-Sentinel
MONDAY, OCTOBER 24, 1949

MIXED REACTION IN BANK FRAUD

Bewildered Spencerville Wonders

BANK MIXUP DISCUSSED—Virgil Kimes, of Spencerville, (left) talks over the disastrous trend of events that led to the loss of $350,000 by the Farmers and Merchants State Bank there and the Federal indictment of six men. Discussing the affair with Kimes who had just left the bank after checking his own account are (left to right) Dave Dickerhoffer, Andy Hershberger and Ray Pratt, all of Spencerville. (News-Sentinel Photo)

BY CLARENCE NEWMAN

"BUT I never wrote a check like that in my life," the gray-haired woman in a green suit told the man behind the cashier's window.

It was the third time she had explained it all and the representative from the Federal Deposit Insurance Corp. shrugged his shoulders. Once again he told her how they were doing their best to straighten out the whole tangle.

The scene took place at the Farmers and Merchants State Bank in Spencerville Friday afternoon, and has occurred with different persons in the main role ever since the Friday morning in September when the little town's residents awoke to find their bank had been looted to the tune of thousands.

From the initial estimate by State investigators and the FDIC of $136,000, the shortage total has swelled until the figure now stands at $350,000 with the possibility that further investigation may reveal more losses.

However, in Spencerville there is still rather mixed reactions toward Clyde G. Rectenwall, the 65-year-old bank cashier who disappeared when investigators came to the bank and was later arrested for embezzlement. Despite the fact many persons questioned had personal losses, none was too harsh in his condemnation of the banks' lifetime employe.

Cont..

Bewildered Cont Oct 24, 1949 The News-Sentinel

All Very Sad

Ray Pratt, an employe of the Universal Tool and Stamping Co., in Spencerville, said, "It was all pretty sad. We were so surprised we could hardly believe it.

"There was no hint at all that there was anything wrong in the bank. Even now," he added, "there are a lot of people that don't believe Rectenwall took anything."

All up and down the short main street in the little 500-person town the story was pretty much the same.

"Don't use my name," they'd say and then go on to tell how the black headlines about Clyde Rectenwall, one of Spencerville's prominent and respected residents, plus the exposed check kite scheme of Roy C. Chaney, Fort Wayne and Harlan car dealer, had shocked them.

A farmer who lives near by, although he told of certain irregularities in Rectenwall's handling of his account, like everyone else professed his admiration for the elderly banker.

"For years I tried to get a statement on my checking account," he said, "but Clyde always said, 'In a couple of weeks.'"

Even though the man's loss amounts to several hundred dollars and several times he was asked to make up shortages in his checking account which he didn't expect, he still says, "We all thought a lot of Clyde."

Next door to the bank at Bardinger's Service Station the attendant, like everyone else in Spencerville, shook his head disbelievingly as he discussed the case.

"It's real tough on people," he explained. "Now that the bank's closed there's no place to cash a check in town now. Small stores or places like ours can't handle them all, so most people now have to drive to Auburn or Harlan."

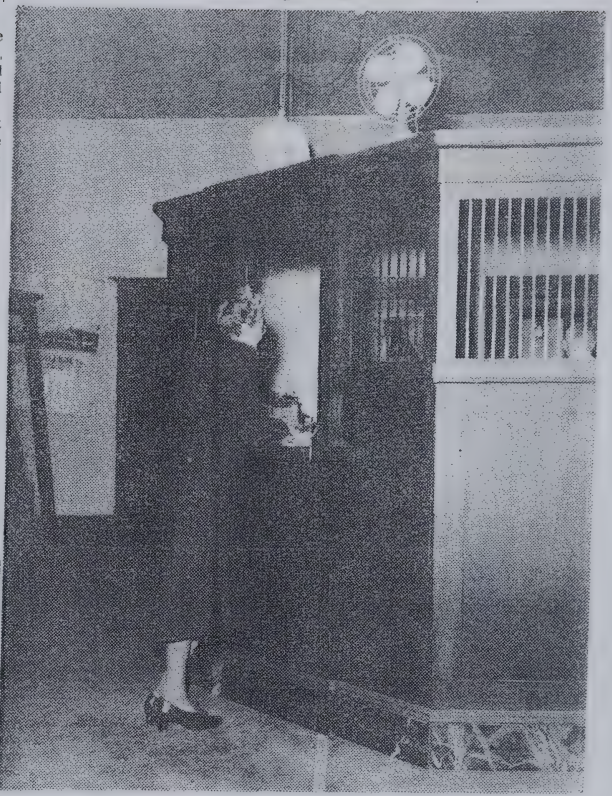
Many Inconvenienced

Mainly concerned are the 65 or more employed at the Universal Tool and Stamping Co. whose weekly pay roll runs more than $30,000. The town's merchants do not have sufficient funds to cash all checks and most employes have troubles getting to another town during banking hours.

Despite all the furore the Spencerville bank shortage has caused, no one questioned in the little town was quite sure if Rectenwall was still around or just where he was. But everyone knew where he lived —"the second house past the bend on the left."

Late Friday afternoon his neat little frame house with its well-kept lawn looked empty and not a light showed. Knocking at the door, the front room appeared dark and deserted and there was a long wait before anyone answered.

Mrs. Rectenwall, a kindly looking woman who's been married to the bank cashier for 41 years, opened the door cautiously. When she found it was a reporter she was adamant.



ANOTHER DEPOSITOR CHECKS—One of the more than 900 depositors that once had an account with the Spencerville bank here inquires whether his account was intact, at the cashier's window where Clyde Rectenwall, former bank employe now charged with embezzlement, once stood. (News-Sentinel Photo)

"No, you can't talk to him. I'm sure he doesn't want to talk to anyone." Over and over she repeated it.

Persuasion accomplished nothing, and with a final "I'm sorry" she closed the door firmly.

However, despite all the bewilderment in Spencerville, there also was nervous joking about "who would be next," referring to the four arrests in the previous two days. Secretly indicted, Andrew Miller, 41, Leo hatchery owner; Dale C. Wicoff, 32, Spencerville school teacher; Ray Hoover, 48, Spencerville grocer, and Lessil O. Bardsley, Harlan trucker, all have been seized by Federal authorities.

All Well Known

Although some jested about the recent series of rapid-fire arrests, it seemed there was growing speculation as to who and how many people will be implicated in the bank's losses. This was particularly true because, like Rectenwall, Hoover and Wicoff are both well-known men in the community.

Wicoff lives a short distance from the bank, and the Spencerville High School, where he was still teaching Friday, is near by. The same is true of Hoover's grocery store, a few doors from the now closed bank.

Inside the bank Friday, Federal employes and an FBI agent still struggled to unravel the financial knot formed by the bank's jumbled and confused accounts. Interfering somewhat with their work is the constant stream of worried, angry, inquisitive or apprehensive people who file in to find out where they stand. So far fewer than half have brought in their accounts to have them checked, although nearly every account is short.

The jumble of records, checks which have not been charged against accounts and manipulated ledgers daily has Federal investigators scratching their heads as they try to straighten out the confusion.

The list of the contents of the safe alone is a sheaf of papers over an inch thick and all of the items listed there must be minutely checked.

However, their perplexing puzzle is still the same one that has all Spencerville talking—just how and why the elusive $350,000 disap-

The News-Sentinel Sat. Oct 29, 1949

Rectenwall Pleads Not Guilty To 21 Charges of Embezzling

Four Other Defendants Seek More Time to Enter Pleas

CLYDE G. RECTENWALL, 64-year-old former cashier at the Farmers and Merchants State Bank, in Spencerville, today pleaded not guilty to the 21 counts of embezzling charged against him when he was arraigned in U.S. District Court here.

Four other defendants in the case, Andrew J. Miller, 41, Leo Hatchery owner; Dale C. Wicoff, Spencerville school teacher; Ray Hoover, 48, grocer from Spencerville, and Lessil O. Bardsley, Harlan trucker, al asked for additional time to make their pleas.

Councils for all four men told

Counsels for all four men told the court that more time was needed to check the past accounts and records before making their plea.

The original request in all cases was for 30 days. This action was opposed by U.S. Dist. Atty. Gilmore S. Haynie, but Judge Swygert granted a continuance for the arraignment of the four until 2 p.m. Nov. 10 in Hammond court.

Chaney Files Motion

In the case of Leroy Chaney, Jr., 26, Fort Wayne and Harlan auto dealer, his attorney, Robert Buhler, filed a motion to dismiss which Judge Swygert said would be considered by the court in Hammond if his calendar permits. Chaney was indicted on six counts for mail fraud (check kite) and also on four counts in the Spencervil'e bank case.

Journal Gazette Thurs Unknown Date

Teacher Asks Dismissal Of Bank Fraud Charges

Wicoff Fourth Of Indictees To Submit Petition; Hearing Is Scheduled Today

An attempt to free Dale C. Wicoff, 32, of Spencerville from complicity in the $350,000 Spencerville Bank fraud was initiated in Federal Court here yesterday by his attorneys.

They filed a motion to dismiss the charges against the Spencerville school teacher.

Wicoff, one of six men indicted in the alleged swindle, was the fourth to submit such a motion. The other three are Andrew J. Miller, 41, of Leo; R. C. Chaney, Jr., 26, Fort Wayne, and Ray Hoover, [illegible], Spencerville.

Hearing At Hammond

Judge Luther M. Swygert will hear arguments on the four motions starting at 2 p. m. today in Federal Court in Hammond. Lessil O. Bardsley, Harlan trucker also charged with participating in the bank fraud, and the other four defendants also will be arraigned this afternoon to enter guilty or not guilty pleas.

The sixth defendant, Clyde G. Rectenwall, 65, former cashier at the Farmers and Merchants State Bank, pleaded not guilty when arraigned here October 29. No date was set for his trial.

Wicoff, Hoover, Chaney, Miller and Bardsley are charged with "aiding and abetting" Rectenwall in misapplication of the bank's funds.

What Defense Charges

Defense attorneys for Wicoff, in their motion to dismiss charges against their defendant, charge "misconduct in proceedings of the Grand Jury" for returning the indictment against Wicoff without receiving any evidence that their defendant acted in connivance with Rectenwall.

The motion also asserts that the grand jury acted without evidence that Wicoff wrote any checks with knowledge that his account at the bank was overdrawn. The motion claims the grand jury received no evidence that Wicoff intended to aid or abet Rectenwall in committing a public offense, as charged.

In addition, the action sets out that the indictment does not state facts sufficient to constiute an offense against the United States Government.

Attorneys representing Wicoff are E. Ross Adair and Orvas E. Beers, Fort Wayne, and Winslow Van Horne, Auburn.

Unknown Date
Unknown Paper

Grocer Faces Civil Suit in Bank 'Fraud'

Further Action Taken In Spencerville Case

The Federal Deposit Insurance Co., through their attorneys, Kennerk, Kenny & Kruse, today filed suit in the U.S. District Court here against Ray Hoover, 48, Spencerville grocer, for the recovery of $15,191.74.

Hoover is one of six defendants named in a 46-count indictment charging misapplication of funds at the Merchants and Farmers State Bank in Spencerville.

This most recent action in the tangled litigation arising from the $350,000 fund shortage in the small bank has been undertaken by the FDIC as assignee for the bank. In so doing they are attempting to recover money had and received on and after Jan. 2, 1947, from the bank by Hoover.

In this civil action instigated today over 250 checks are listed which Hoover allegedly drew against the bank in almost a two-year period which were said to have not been charged against his account or for which he had insufficient funds. The amounts run from a few dollars to a $448.33 check, and most represented payments to Fort Wayne business houses.

Now pending action by Federal Judge Luther M. Swygert is a motion filed Dec. 1 by Hoover seeking severance of his case from that of the other five defendants. He has charged that trial with the others under indictment in the bank case would be prejudicial to his case.

Unknown Date
Unknown Paper

Another Bank Fraud Figure Files Action

Defendant's Attorney Says Charges 'Vague'

A third motion to dismiss charges was filed Tuesday by one of the six defendants indicted in the $350,000 Spencerville bank fraud case. The legal action was taken in Federal Court here by the attorney for Andrew J. Miller, 41, Leo.

The motions already filed were in behalf of R. C. Chaney, Jr., 26, Fort Wayne, and Ray Hoover, 48, Spencerville.

Judge Luther M. Swygert will hear arguments in the action at 2 p.m. Thursday in Federal Court in Hammond. At that time the three defendants already mentioned, with Dale C. Wicoff, 32, Spencerville, and Lessil O. Bardsley, Harlan, are scheduled to enter their pleas.

At the arraignment of Clyde G. Rectenwall, 65, ex-cashier of the Farmers and Merchants State Bank in Spencerville and the other five defendants previously, Rectenwall pleaded not guilty. The others requested additional time to enter their pleas.

Charges Outlined

Miller is charged with writing five checks for a total of $9,300 without having sufficient funds in the bank to cover them.

Arthur Fruechtenicht, Miller's attorney, in the motion describes the allegation in the charges as "vague, indefinite and uncertain." The motion also asserts the indictment does not state facts which are a crime against the United States.

The dismissal request points out that Miller is not charged with fraudulent or criminal intent and asserts the indictment fails to charge that the defendant contrived with Rectenwall to aid the latter in the misapplication of funds.

Unknown Date
Unknown Paper

Four Motions Rejected In Bank Case

Dismissal Pleas Ruled On By Judge Swygert; Separate Trial OK'd

Motions to dismiss charges against four of six defendants indicted in the $350,000 Spencerville bank fraud have been denied by Federal Judge Luther M. Swygert.

The motions to dismiss had been filed by Dale C. Wicoff, 32, Spencerville; Lessil O. Bardsley, Harlan; R. C. Chaney, Jr., 26, Fort Wayne, and Andrew J. Miller, 41, Leo. The defendants sought to have the charges against them dismissed on grounds that the facts as stated in the indictment did not constitute an offense against the United States.

Trial Dates Fixed

Judge Swygert granted a motion for severance for Ray Hoover, 48, of Spencerville permitting him to have a separate trial.

Clyde G. Rectenwall, 65, former cashier at the Farmers and Merchants State Bank, Spencerville, and Chaney will go on trial in Federal Court here January 9 for allegedly operating a check-kite scheme defrauding the bank of $136,688. Rectenwall and Bardsley will face trial January 16. Other trial dates were not announced.

Judge Swygert previously denied a motion to dismiss the check-kite indictment against Chaney.

Unknown Date
Unknown Paper

Spencerville Bank Fraud Trial Slated

3 Cases to Be Heard In U.S. Court Jan. 4; Other Dates Listed

U.S. Dist. Atty. Gilmore S. Haynie has announced that two cases in connection with the Spencerville Bank swindle and one involving a Fort Wayne man in a counterfeiting attempt will be heard in a Federal Court session here Jan. 4.

All three cases will be argued before Federal Judge Luther M. Swygert.

Two of the trials will involve defendants in the $350,000 fraud perpetrated at the Farmers and Merchants State Bank in Spencerville. They are Clyde G. Rectenwall, 65, former bank clerk; R. C. Chaney, Jr., 26, Fort Wayne and Harlan automobile dealer, and Lessil O. Bardsley, Harlan trucker.

Rectenwall and Chaney will face trial on Jan. 9 for allegedly engaging in a check-kite scheme. The two are charged with bilking the bank out of $136,880 through such methods.

Jan. 16 Trial Set

On Jan. 16 Rectenwall and Bardsley will be tried—Bardsley charged with being an aider and abettor to Rectenwall in the bank fraud. The Harlan trucker is accused of having collected $3,043 from 10 checks without having sufficient funds in his account and after the account was overdrawn $40,000.

Unknown Date + Time

Cashier Rectenwall, Bardsley On Trial In January Term

The trial of two defendants indicted in the $350,000 fraud at the Farmers and Merchants State Bank in Spencerville will be conducted here during the January term of Federal Court, Judge Luther M. Swygert announced yesterday.

The two defendants are Clyde G. Rectenwall, 65, former cashier at the bank, and Lessil O. Bardsley, Harlan trucker. Both pleaded not guilty.

Judge Swygert has taken under advisement motions to dismiss the indictments against four other defendants. They are R. C. Chaney, Jr., 26, Fort Wayne; Dale C. Wicoff, 32, Spencerville; Andrew J. Miller, 41, Leo, and Ray Hoover, 48, Spencerville. All are charged with participating in the alleged fraud.

The motions to dismiss are based on the contention that it has not been legaliy determined that a crime has been committed.

Unknown Date + Paper

Jury Selection In Spencerville Case Begins

15 Quizzed for Trial Of Rectenwall, Chaney

The first steps were taken today in selecting a jury in U.S. District Court here for the trial of Clyde G. Rectenwall, 65, former cashier at the Farmers and Merchants State Bank, in Spencerville, and R. C. Chaney, Jr., 26-year-old Fort Wayne used-car dealer.

The two defendants, involved in the alleged $350,000 fraud at the Spencerville bank, are both charged in a six-count indictment with using the mails to defraud in the operation of a check-kite scheme which the Government contends netted them more than $66,000.

Three Dismissed

Up to shortly before noon, 15 of the 28 veniremen called had been questioned by Judge Luther M. Swygert and U.S. Dist. Atty. Gilmore S. Haynie. Three of these were dismissed at the request of the state.

Cont.

Jury cont...

Prior to the interogation of potential jurymen, District Attorney Haynie sought a ruling from the court on the admission of a blackboard chart in presenting the government's evidence. Judge Swygert postponed making any decision in the matter until later in the case.

The Judge also informed counsels for the defense and the Government that since the trial would probably last "several days" one alternate juror would be chosen.

Defendants Silent

In the preliminary questioning of veniremen, Judge Swygert queried them as to their previous relationships with the Grabill and Spencerville banks (both of which are involved in the present case), opinions formed, and their connection with any of the defendants.

Both Cheney and Rectenwall when queried before the trial began said they had no statement to— make concering the case. However, the former Spencerville bank cashier answered a hearty "yes" when he was asked if he was glad to get things over with.

Unknown Date + Paper

4 Spencerville Bank Defendants Plead Innocent

Four men charged with participating in the $350,000 Spencerville bank fraud yesterday pleaded not guilty in Federal Court here.

The defendants, arraigned before Judge Luther M. Swygert, were Lessil O. Bardsley, Harlan; Andrew J. Miller, 41, Leo; Dale C. Wicoff, 32, Spencerville, and R. C. Chaney, Jr., 26, Fort Wayne. Chaney also pleaded not guilty to a separate six-count mail fraud indictment charging him with collecting more than $136,000 by kiting checks between the Farmers and Merchants State Bank, Spencerville, and the Grabill Bank.

Clyde G. Rectenwall, 65, former cashier at the Spencerville bank, and Ray Hoover, 48, of Spencerville previously pleaded not guilty to charges of defrauding the bank. They also will face jury trials.

Judge Swygert said all motions for severance filed by the defendants would be granted. Several

Cont.

4 Spencerville Cont.

already have filed motions seeking separate trials. However, Judge Swygert pointed out that the permission for severance would not separate the defendants from Rectenwall, who is charged with all 46 counts, but only from each other.

Only two trial dates in the bank case have been set so far. Chaney will go on trial with Rectenwall Monday on the mail fraud charge. The trial of Bardsley and Rectenwall is schedueld to begin January 16.

NEARLY A SCORE TO BE ARRAIGNED

U.S. Court Term Opens Wednesday

Preparations were being made today for the opening of the winter term of U.S. District Court here at 9 a.m. Wednesday.

Court officials and Federal Judge Luther M. Swygert were to arrive today.

The court will arraign nearly a score of defendants, four of whom have been indicted in connection with large fund shortages at the Spencerville State Bank.

R. C. Chaney, Jr., 26, Fort Wayne, will be arraigned on an indictment charging he aided and abetted the former cashier of the Farmers and Merchants State Bank in Spencerville in a scheme to defraud. Six charges in another indictment charge Chaney with kiting checks between the Spencerville bank and the Grabill bank, which allegedly netted him more than $136,000.

Others Face Arraignment

Others in the bank case to be arraigned are:

Lessil O. Bardsley, Harlan, charged with collecting $3,043 from 10 checks written without sufficient funds in the bank.

Andrew J. Miller, 41, Leo, charged with obtaining $8,300 from six worthless checks after his account was overdrawn $5,000.

Dale C. Wicoff, 32, Spencerville, charged with writing $769 worth of bogus checks after his account was overdrawn $1,500.

Clyde G. Rectenwall, 65, former cashier of the bank, already has pleaded not guilty to all 46 counts in an indictment charging him with misapplication of funds at the bank. Rectenwall is scheduled to go on trial Jan. 9.

Jan 3, 1950 Tues The News-Sentinel

Start Testimony In Bank Fraud

Clyde G. Rectenwall, 65-year-old former cashier of the Farmers & Merchants Bank in Spencerville, and R. C. Chaney, Jr., 26, Fort Wayne and Harlan auto dealer, went to trial yesterday in U. S. District Court here on charges of perpetrating a check-kite scheme that allegedly netted them more than $66,000. Theirs is the first in a series of trials arising from the alleged $350,000 swindle of the Spencerville bank.

The first witness to testify was Franklin Fell, New Jersey, a liquidator for the Federal Deposit Insurance Corporation. Mr. Fell, the representative of the FDIC who was called in to take over the Spencerville bank when the shortages were discovered last September, was called by Gilmore S. Haynie, U. S. Attorney for the Northern Indiana District, to produce the checks, ledger sheets, and deposit slips with which the Government hopes to prove the defendants guilty.

Checks Produced

The most important evidence introduced during the day's proceedings was a packet of 94 checks which Mr. Fell said he took from the Spencerville Township safe about 10 days after arriving in Spencerville. He said that these checks, which he extracted from the vault in the presence of witnesses, were signed by Chaney and amounted to $75,019.37. He told the court that these checks had not been cancelled.

Earlier, a jury of eight women and four men was selected to hear the case. One alternate was also chosen.

In his opening remarks to the court, Mr. Haynie explained what a check-kite scheme is and how it is operated. He also cited the amounts of the checks that Chaney allegedly wrote.

Counsel for Chaney, Sol Rothberg, opened his case by telling the court that there is no Federal statute making it illegal to engage in a check-kite scheme. He said that Chaney is being charged with using the mails to defraud, to which he has pleaded not guilty. "His guilt must be considered on the charge before the court," he said, "and on no other violation of the law."

Cont

Waives Statement

Counsel for Rectenwall, George Mountz of Garrett, waived the privilege of an opening statement.

On the witness stand, Mr. Fell told the court that he was assigned to go to Spencerville to investigate the shortage the middle of September. At that time, he said, he took over custody of the bank records.

Amid a never-ending round of objections from the attorneys for Rectenwall and Chaney, Mr. Haynie sought to have Mr. Fell introduce the exhibits which the prosecutor will use as evidence against the defendants.

The first exhibit was a certificate stating that the Spencerville bank was insured by the FDIC. This was objected to by Mr. Rothberg on the grounds that it merely cluttered up the case and had no direct significance. The objection was sustained.

Fell testified that he proceeded to check the bank's records after arriving in Spencerville September 22. He then produced checks allegedly written by Chaney on September 12 amounting to $8,965.24 and copies of cash remittance letters allegedly sent from the Farmers & Merchants Bank to its correspondent, the First National Bank in Chicago, from September 12 to 14. These exhibits were identified and will be introduced by the government later on.

Objection Overruled

Clarence R. McNabb, attorney for Chaney, objected to the introduction of the packet of 94 checks on the grounds that their dates anteceded the dates which are mentioned in the counts of the complaint and because some of them were not drawn on the Grabill Bank, the other bank involved in the case. This objection was overruled.

Defense counsel sought to introduce deposit slips dated September 15 and 16, to show that certain amounts of money had been repaid to the bank. Mr. Haynie objected to this saying that the repayment of money had no bearing on the case. The objection was sustained.

Cont.

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At about 5:30 p.m., Judge Luther M. Swygert adjourned court until Wednesday at 9 a.m. He explained to the jury that he must attend the funeral of Will M. Sparks, retired judge of the U. S. Circuit Court of Appeals at Chicago, who died Saturday night.

Those chosen to serve on the jury were: Mrs. Ota Peeling, 3105 Parnell Avenue; Mrs. Mary Wagner, 521 East Masterson Avenue; Mrs. Lucy Lupke, 2211 North Anthony Boulevard; Frank Smith, Hartford City; Jay Underwood, Gas City; Mrs. Arthur Thieme, 812 College Street; Mrs. Martha Mertz, 1514 Maumee Avenue; Lewis Fisher, Columbia City; Miss Francis Lock, 521 Berry Street; Hjalmar Printz, 3705 Webster Street; Mrs. Ethel Welbaum, 2616 Fairfield View Place, and Mrs. Kathryn Schlund, 2311 Lynn Avenue. The alternate is Elizabeth Lepper, 2909 Reed Street.

Unknown Date + Paper

4 witnesses

4 Witnesses Quizzed in Bank Fraud

Attorney Attempting To Untangle Schemes In Spencerville Case

Four witnesses were questioned in Federal Court today as U.S. Atty. Gilmore Haynie attempted to untangle the confused story of an alleged $66,000 check kite and bank fraud.

R. C. Chaney, Jr., 26, Fort Wayne and Harlan car dealer, and Clyde G. Rectenwall, 65, former cashier of the Spencerville Farmers and Merchants State Bank, are defendants in the fraud trial now in its second day.

Miss Margaret Chaney, sister of the one defendant and former bookkeeper of the bank, now being liquidated by the Federal Deposit Insurance Corp., was the first witness called by the prosecution today.

Chicagoans Called

Haynie subsequently called to the stand Julius Buechner, assistant auditor of the First National Bank at Chicago; Herbert H. Conklin, assistant cashier of the Federal Reserve Bank of Chicago, and Morris Ringenberg, cashier of the Grabill bank.

Questioning of witnesses this of five counts in the indictment of fice counts in the indictment against Chaney and Rectenwall.

The first count sets forth a general description of the alleged fraud and check kiting system, and specifically charges that three checks, for the sums of $9,500, $8,000, and $8,965.24 were illegally deposited by Chaney, doing business as Chaney Motors, Inc., and credited by bank.

Miss Chaney Testifies

Miss Chaney testified that the three checks were deposited at the bank; that they were credited to the account of Chaney Motor, Inc.; and that they were sent to the First National Bank of Chicago, with a "cash letter" which set forth the day's check and draft deposits at the Spencerville Bank.

Miss Chaney subsequently testified that the checks were, on Sept. 20, perforated with the mark "paid" at the Spencerville Bank, although the Chaney Motors account had been blocked by Grabill authorities on Sept. 15 or 16.

Buechnar testified that the three checks and cash letter were received at his bank Sept. 12, 1949, and credited to the account of the Spencerville Bank.

He said the checks then were forwarded to the Federal Reserve Bank of Chicago for collection.

Checks Returned Unpaid

Conklin testified that the three checks were received at the Federal Reserve Bank at Chicago, and mailed back to the Grabill Bank, on which they were drawn. They were returned unpaid to the Federal Reserve Bank by the Grabill Bank with a notation indicating they were drawn on uncollected funds.

Ringenberg, cashier of the Grabill Bank, said the three checks were received by him on Sept. 15, and that they were returned to the Reserve Bank because the Chaney account had been blocked.

He said the checks were accompanied by explanatory telegrams, and defense counsel asked that the telegrams be introduced in evidence.

In cross examination by Defense Atty. Sol Rothberg, Miss Chaney said she did not know whether it was she or Rectenwall who first credited the checks to the Chaney account and forwarded them to the First National Bank at Chicago. She also testified that she did not know who subsequently stamped the checks "paid' at the Spencerville bank, but said Rectenwall was no longer working at the bank at the time the checks were so marked.

The question as to who forwarded the checks was brought up, presumably, because the Federal Government entered the case on the premise that the mails were used in the alleged fraud.

Cont..

Volume of Testimony Heard In Spencerville Bank Case

The trial of two men charged with using the mails to defraud in an alleged check-kite scheme at the Spencerville bank entered its fourth day today with an avalanche of figures and bank records introduced by the Government.

Moving on to the third and fourth counts mentioned in the six-count indictment brought against R. C. Chaney, Jr., 26-year-old Harlan and Fort Wayne used car dealer, and Clyde G. Rectenwall, 64, ex-bank cashier, U.S. District Attorney Gilmore S. Haynie brought back to the stand an FBI investigator, and cashiers of the Grabill bank and the Federal Reserve Bank in Chicago.

Morris Ringenberg, cashier at the Grabill bank, testified concerning three checks mentioned in the third count amounting to a total of $23,800. Deposited on Sept. 14, they were drawn against the Chaney Motor Sales, Inc., account at Grabill.

Checks Said Not Honored

The cashier testified these checks were not honored after being returned by the Federal Reserve Bank in Chicago.

Herbert H. Conklin, assistant cashier at the Federal Reserve Bank in Chicago, under questioning, stated that all checks under consideration were processed through the mails.

Also testifying during the morning session was Earl Erdman, FBI agent. Queried concerning the Chaney balance on the day the checks were written, he said a balance of $509.79 was reflected in the ledgers as well as $86,036.34 worth of Spencerville bank checks in the process of being collected.

Ringenberg was recalled to the stand later concerning $19,234.21 in checks referred to in the Government's fourth count.

Bares Check Writing

During Tuesday's court session, Government witness Earl Erdman, FBI agent, described how bank records showed Chaney had written $94,417 worth of checks while his account at the Spencerville bank amounted to only $509.79.

He further testified that the $509.79 balance did not take into consideration $50,102.64 worth of checks drawn on the Grabill bank by Chaney and deposited in the Spencerville bank. Erdman said that this larger amount of checks had not been paid by the Grabill bank.

In subsequent testimony the FBI agent pointed out that though there was more than $94,000 in Chaney Motors, Inc., checks outstanding and paid as of Sept. 13, they did not include an additional $75,000 worth of uncanceled checks discovered later by the investigators.

It also was disclosed in Erdman's testimony that Chaney had written 429 checks on the Spencerville bank between Aug. 11 and Sept. 24, 1949.

Earlier Tuesday, several witnesses were called by District Attorney Haynie to show that specific checks written by Chaney were placed in the mail.

Chaney to Face Bankrupt Counts

Petitions for involuntary bankruptcy were filed against Chaney Motors, Inc., late Tuesday afternoon by three of its creditors. The operator of the firm, R. C. Chaney, Jr., 26, Fort Wayne and Harlan used car dealer, is now on trial in U.S. District Court here in connection with an alleged check-kite scheme between the Farmers & Merchants State Bank in Spencerville and the Grabill bank.

The creditors and their claims are Federal Deposit Insurance Corp., $143,583.09; Frank Schulz, Inc., $639, and the Journal-Gazette Co., $560.64.

Atty. Robert A. Buhler, appointed receiver for the now defunct corporation under state statutes, posted $100,000 bond last October and sold most Chaney assets, according to reports filed in Superior Court.

Disposed of so far were Chaney's interests in two restaurants, a stock of automobile parts and a number of used cars. Appointment of a trustee in bankruptcy would supersede the State court receivership.

Bardsley Admits Writing Checks Without Funds

Lessil O. Bardsley, testifying in Federal Court here, today admitted writing checks which resulted in temporary overdrafts on his account at the Spencerville Farmers and Merchants Bank.

However, Bradsley who is charged with writing more than $43,000 worth of checks without funds to cover them, said funds were deposited to cover the overdrafts.

Bardsley took the witness stand in his own defense after Defense Attorney John E. Hoffman called six character witnesses to testify as to Bardsley's reputation for honesty and fair dealing in the community of Harlan, where he lives.

His principal overdrafts, the defendant said, took place as he settled his accounts for a Harlan notions store which he sold in the summer of 1944.

He said that he wrote several checks which he gave to wholesalers to cover merchandise he had purchased, in order that the purchaser of the store might obtain clear title to it and pay $2,500 for the store.

Cash Deposited

The $2,500 was deposited, in cash, at the Spencerville Bank, he testified.

"You knew of certain overdraft checks?" Attorney Hoffman asked.

"That's right," Bardsley answered.

"To whom were those checks issued?" Hoffman continued.

"To wholesalers who had sold stock to me," Bardsley replied.

"What was your intent in issuing those checks?"

"To pay those bills, so the man buying the store could have clear title to it and pay me, and I could deposit it in the bank."

Bardsley said he was uncertain as to the length of time between the writing of the checks and the depositing of the $2,500.

Bardsley also said he did not recall the name of the purchaser of the store, but that it was moved "someplace on West Main St., in Fort Wayne.

No Explanation

He said that the Spencerville Bank asked for no explanation of the overdraft, and that he had no conversation with Clyde G. Rectenwall, 66, former cashier of the bank, who has pleaded guilty to participation in a $350,000 at the bank, regarding the overdraft.

Bardsley, who later opened a trucking business, testified that he made a profit of $2,102.99 in 1941, the first year of operation of the store, and that he made no overdrafts.

Asked if he made any overdrafts in 1942, he said, "I might have, but in very small amounts."

After the introduction of a number of check stubs, Bardsley said said that he had a balance of $99.07 in the Spencerville Bank on Dec. 29, 1942, when he wrote a check for $115. However, he said he deposited money to cover the overdraft within 11 days.

Six Testify

Witnesses who testified that Bardsley's reputation in the community was good included Dr. Richard Emme, Harlan; Fremont Chaussey, Harlan; Noah Amstutz, Harlon; Virgil S. Beck, Grabill; Clarence L. Alter, Fort Wayne, and Noah A. Goldsmith, trustee of Springfield Township.

For the first time in the almost four months since he was arrested in connection with the $350,000 Spencerville Bank fraud, Clyde G. Rectenwall, Wednesday afternoon spoke freely concerning it.

In his testimony the ex-cashier admitted missappropriating funds, not crediting checks against the accounts in which they were drawn and, when asked if he knew he was defrauding the bank, said "I presume I can say yes."

His statement was made as the Government's second witness in the trial of Lessil O. Bardsley, Harlan trucker, charged in 10 counts with defrauding the bank and aiding and abetting Rectenwall in the misapplication of funds.

The gray-haired, be-spectacled banker answered firmly all questions put to him by U.S. Dist. Atty. Gilmore S. Haynie.

Identifies Checks

Examining the 10 checks presented to him by the U.S. District Attorney which were drawn against the Bardsley trucking account in the Spencerville bank, he said all were written by the trucker.

He also added that the bank after receiving them from the Federal Reserve Bank in Chicago, paid that bank via a draft drawn on the First National Bank in Chicago.

Haynie then asked, "Did Bardsley have sufficient funds in his account to cover these checks?"

"He did not," Rectenwall answered firmly.

The ex-cashier went on to testify that he tabulated the Bardsley accounts many times and knew him to be overdrawn as much as $40,000. He also identified 984 checks drawn against the Bardsley Trucking account and 258 checks drawn against Bardsley's personal account.

Rectenwall related that all checks were paid by the bank, but not charged against the account of Bardsley and that Bardsley's account records during the period in question did not show a true balance.

Didn't Show Records

Queried as to how it was possible to keep the maneuver from becoming known, Rectenwall said he paid in full on checks returned to the bank by the Federal Reserve Bank, but did not show this in his records.

"I misappropriated deposits of other depositors in amounts sufficient to cover these payments," Rectenwall explained.

Under further questioning by Haynie, the Spencerville banker told of his start at the Farmers and Merchants State Bank in Spencerville at $65 per month and his slow progress to the $240 a month he was receiving when arrested.

The first witness introduced by the Government was Franklin Fell, Federal Deposit Insurance Corp. representative, who described his investigation of the shortage at the Spencerville bank and the state of the accounts there.

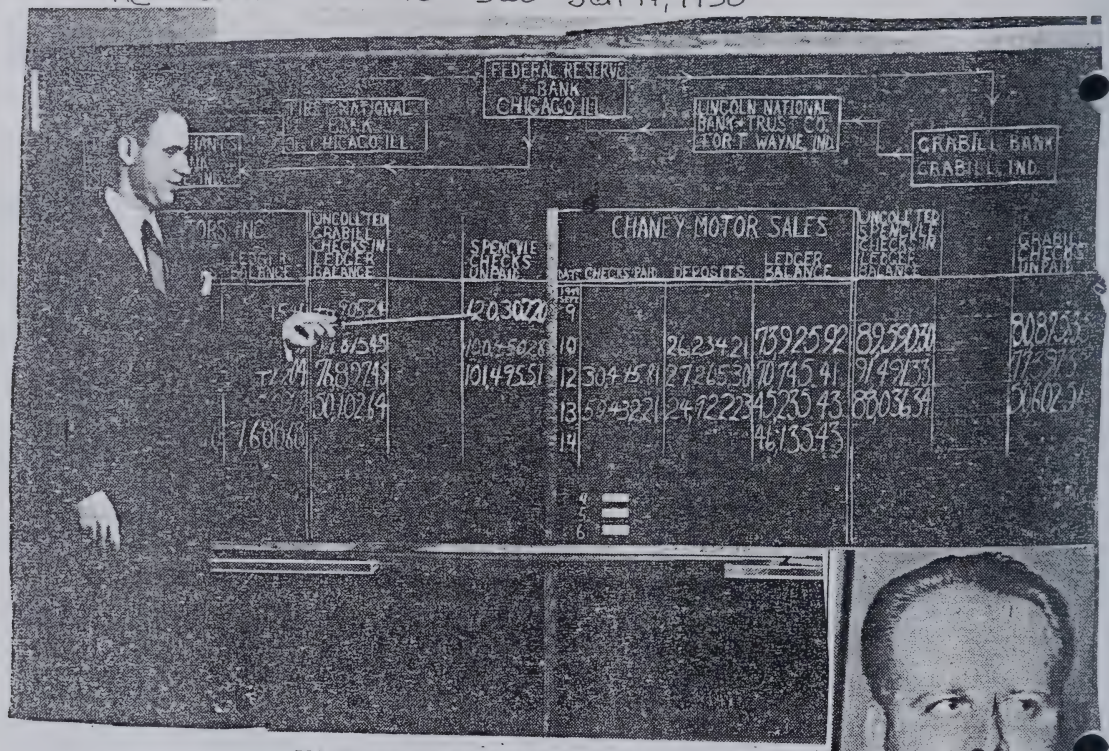
Chicago Banker Testifies

Herbert Conklin, assistant cashier at the Federal Reserve Bank in Chicago, told of the receipt of the 10 Bardsley checks concerned in this case, their return to the Spencerville bank and that bank's payment on them via bank draft.

The jury for the trial was chosen during Wednesday morning's court session.

Of the 32 veniremen called, 20 were questioned. Five were excused at the request of the defense attorney, John Hoffman, Jr., and U.S. Dist. Atty. Gilmore S. Haynie re-

The Journal-Gazette Sat. Jan 14, 1950



BLACKBOARD USED IN BANK FRAUD TRIAL—Figures compiled by accountants of the Federal Bureau of Investigation in their investigation of the $350,000 Spencerville bank fraud, were presented as evidence in the trial of Clyde G. Rectenwall and R. C. Chaney in Federal Court. The statistics pictured the results of Chaney's check manipulations in a check-kite scheme between the Farmers and Merchants State Bank in Spencerville and the Grabill Bank. U. S. District Attorney Gilmore S. Haynie points to the figure, $120,302.20, which he said indicated the amount of checks written by Chaney on the Spencerville bank which were unpaid as of September 9. FBI accountants testified that Chaney wrote more than 427 checks in six weeks without sufficient funds to cover the majority of them.—Staff Photo.

R. C. CHANEY, JR. Pulls Court Surprise

Rectenwall And Chaney Interrupt Trial To Enter Pleas Of Guilty

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The Journal Gazette Sat.

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Surprise Move Ends Case; Sentencing Comes Later

By BRUCE HUNT

The trial of Clyde G. Rectenwall, 65, and R. C. Chaney, Jr., 26, ended abruptly in Federal Court here yesterday after both defendants in surprise moves pleaded guilty to charges involving them in the $350,000 Spencerville Bank fraud.

In a swift turn of events, Chaney changed a not guilty plea to guilty on all six counts of the check-kite indictment. Chaney and Rectenwall were on trial for allegedly using the mails to defraud the Spencerville bank of more than $136,000 in a check-kite scheme.

Guilty On 46 Counts

Soon after Chaney pleaded guilty, Rectenwall, former cashier of the Farmers and Merchants State Bank, Spencerville, pleaded guilty to all 46 counts of a companion indictment charging him with misapplication of funds for which he was to be tried later. He previously had pleaded not guilty to all the charges.

U. S. District Attorney Gilmore S. Haynie, after hearing Rectenwall change his plea, filed a motion to dismiss the mail fraud charges against the former cashier. Judge Luther M. Swygert granted the motion.

Faces 205-Year Maximum

In taking this action, the district attorney explained to the jury that since Rectenwall now faced a maximum possible sentence of 205 years in prison and a fine of $205,000 the Government was willing to drop the mail fraud charges against the defendant. He emphasized to the jury that the mail fraud charges against Rectenwall were not being dismissed because the prosecutors believed the defendant was innocent, but rather because "the ends of justice do not require an additional sentence."

Chaney New Plea Seen

Through his defense counsel, Chaney indicated to the court he also will plead guilty to other charges pending against him in the 46-count indictment, namely "aiding and abetting" Rectenwall in the misapplication of funds. Chaney will be arraigned at a later date to enter his plea in the second indictment.

Judge Swygert directed a presentence investigation for both Chaney and Rectenwall. The sentences will be imposed at a later date. The defendants will remain free under $20,000 bond each until sentenced. The jury, which heard three days of testimony in the fraud trial, was dismissed.

The surprise developments began soon after the trial resumed yesterday morning. Before the jury filed into the court room, Attorney George Mountz, counsel for Rectenwall, submitted a motion to dismiss the charges against his client on grounds that insufficient evidence had been presented by the Government. Judge Swygert denied the motion.

Four Character Witnesses

It was then that Sol Rothberg and Clarence McNabb, attorneys for Chaney, informed the court that their defendant wished to change his plea to guilty.

Counsel for Rectenwall then presented four character witnesses and testimony by the defendant's wife, Mrs. Beatrice (Princess) Rectenwall. Mrs. Rectenwall testified that when called upon by FBI agents last September she informed them where her husband was and made no effort to conceal his whereabouts.

Other witnesses for Rectenwall included Claude D. Laub, John C. Koch and William G. Erich, all of Spencerville, and Walter Baker, Butler. All four men described Rectenwall as a respected citizen of his community with a good reputation for honesty.

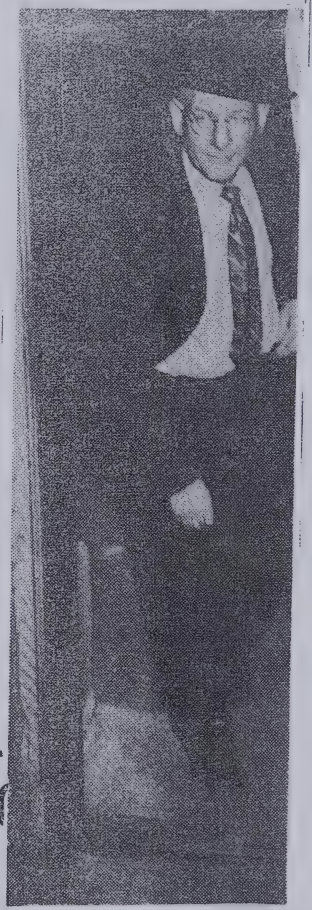
The defense then rested its case and later suddenly informed the court that Rectenwall desired to plead guilty to all 46 counts of the second indictment.

Chaney In Jolly Mood

Chaney appeared in a jolly mood after pleading guilty to the check-kite charges. He faces a maximum sentence of 30 years in prison and a fine of $6,000 on the one indictment.

"The heat in there (court) was worse than any 100-miler," Chaney said as he joked with FBI agents in the corridors after changing his plea. The 265-pound former auto dealer, a part-time race driver, said he had "tough luck" all year in stock car races in which he had driven. He recalled four crackups. Chaney said he planned to devote all his time to racing "after this is over."

"Then there'll be no more checks or check stubs to worry about," laughed.



CLYDE G. RECTENWALL
Guilty on 46 Counts

Rectenwall Calm

Rectenwall, gray-haired and slight build, remained pass throughout the proceedings. Ch ey, father of four children, peared in a jovial mood on leav the courtroom. His wife and

...W ALL DEFENSE RESTS

Chaney Pleads Guilty In Spencerville Case

Two surprise moves marked this morning's session in U.S. District Court here where two men face charges of using the mails to defraud through a system of check-kiting.

At the beginning of today's session R. C. Chaney, Jr., 26, Harlan and Fort Wayne car dealer, formally changed his plea of "not guilty" to that of "guilty" on all six indictment counts being considered in this case.

Through his attorney, Judge Clarence McNabb, Chaney indicated that he would plead guilty to the other charges brought against him in the 46-count indictment growing out of a $350,000 Spencerville bank fraud.

The second striking development came when defense attorneys for Clyde G. Rectenwall, 64, former cashier at the Merchants and Farmers State Bank in Spencerville, rested their case after only calling four character witnesses and the defendant's wife to testify.

The two men have been on trial since Monday for allegedly using the mails to defraud the Spencerville bank of more than $136,000 through a check manipulation scheme.

At 9 a.m. today prior to the appearance of the jury, George Mountz, attorney for Rectenwall submitted a motion for acquittal for his client on the basis that insufficient evidence of guilt had been presented. Federal Judge Luther M. Swygert, after hearing argument by Mounty and the District Attorney, denied the motion.

Out on Bond

It was after this motion was denied that Chaney changed his plea. Following that action Judge Swygert granted the request that the 26-year-old auto dealer be allowed to remain at liberty on $20,000 bail. Pleas on charges other than those six involved in this case, the Judge said, would be heard at a future arraignment.

Chaney will continue free on bail pending the completion of the court's pre-sentence investigation.

The pricipal witness called by the Rectenwall defense counsel was Mrs. Princess Rectenwall, wife of the accused bank official. During interrogation by Attorney Mountz, she briefly told of her marriage to the defendant in 1908, their life in Spencerville and the events that preceded her husband's arrest.

Mrs. Rectenwall Testifies

Mrs. Rectenwall said when FBI agents came to her house on Sept. 23 looking for her husband she informed them he was in Columbus at his sisters house and made no efforts to conceal his whereabouts.

The U.S. District Attorney's only question in cross-examination was, "As wife of the defendant are you not interested in the outcome of the case."

Mrs. Rectenwall quietly answered, "Yes."

The character witnesses called were Claude D. Laub, John C. Koch and William G. Erich, all of Spencerville, and Walter Baker, Butler.

All said Rectenwall's reputation for honesty in the Spencerville community had been good.

Court recessed until 1 p.m. today after Rectenwall defense rested and this afternoon the jury will hear final arguments by the prosecution and defense and the case will probably go to them for a verdict late this afternoon.

During a recess after Chaney changed his plea, the 220-pound part-time pleasure car racing driver was asked how he felt.

The former auto dealer, laughed and said, "No different than before." He went on to confide to onlookers that when he got out of "this trouble" he was going to take up auto racing full time.

"No books, checks or records to worry about in that business," he added."

Chaney Statements Introduced

In closing the Government's case late Thursday U.S. District Attorney Haynie introduced evidence showing that. Rectenwall confessed knowledge of a check-kite at the Spencerville bank through a signed statement to the FBI following his arrest.

In addition signed statements by Chaney admitting complicity in the bank fraud were introduced by the Government.

Clay W. Pardo, FBI special agent, in testifying to Rectenwall's statement of knowledge of a check-kite scheme, told the court:

"He (Rectenwall) said he was certain there would be a loss to the bank. He said he had been paying checks for Chaney and that Chaney didn't have sufficient funds to cover them." The FBI man also quoted Rectenwall as saying he had been "withholding deposits from other customers" to pay Chaney's checks.

Rectenwall's statement of Sept. 27 to the FBI, described a large number of uncancelled checks locked in the township trustee's vault at the bank. Pardo claimed the ex-bank cashier estimated the worthless check total as "in the neighborhood of $100,000."

Another FBI agent, Donald R. Johnson, told on the witness stand Thursday that Chaney confessed creating a bank overdraft "which grew larger."

Chaney admitted, Johnson said, that he wrote checks on one bank to cover a shortage in another, and then was forced to repeat the performance at the second bank to cover the shortage in his account at the first bank.

Warned About Overdrawing

Earlier Thursday Robert Roeger, former bookkeeper for Chaney in Chaney Motors, Inc., at Harlan, told the jury he talked to the 26-year-old auto dealer in July about overdrawing his Grabill bank account.

In subsequent testimony Roeger told of Chaney's denial of overdrafts.

Up to this point in the trial Government witnesses have consisted of FBI agents and cashiers of the various banks which handled the 18 checks mentioned in the six-count indictment brought against the two men. Through the testimony of these Government witnesses, Federal authorities have sought to illustrate that when checks were written on the dates mentioned in the indictment Chaney had insufficient funds to cover them. Also Government attorneys have tried to show how the mails were used for transporting these checks.

It is now expected that the Rectenwall-Chaney trial will end Monday. The jury in the second trial opening Tuesday will hear embezzlement charges against Lessil O. Bardsley, Harlan trucker, and Rectenwall.

Rectenwall Aware Of Check Fraud, Statement Reveals

'Covered For Chaney, Withheld Deposits,' He's Quoted As Saying

By BRUCE HUNT

Clyde G. Rectenwall, 65-year-old former cashier at the Spencerville bank, confessed knowledge of a check-kite at the bank in a signed statement to the FBI agents following his arrest, it was disclosed yesterday.

Rectenwall and R. C. Chaney, Jr., 26-year-old auto dealer, are on trial in Federal Court for allegedly using the mails to defraud the Spencerville bank of more than $136,000 in a check-kite scheme. Signed statements given to the FBI by Rectenwall and Chaney were introduced by the Government yesterday as evidence in the trial.

'Certain To Be Loss'

Clay W. Pardo, special agent of the FBI, testified to Rectenwall's statement that he had knowledge of a check-kite at the bank.

"He said he was certain there would be a loss to the bank," Agent Pardo related. "He said he had been paying checks for Chaney and that Chaney didn't have sufficient funds to cover them."

Agent Pardo also quoted Rectenwall as saying he had been "withholding deposits from other customers" to pay Chaney's checks.

Checks Piled Up

In his statement to the FBI last September 27, Rectenwall told of a large number of uncancelled checks locked in the township trustee's vault at the bank. Agent Pardo said that at that time the elderly bank cashier estimated the total of worthless checks would run "in the neighborhood of $100,000.

Donald R. Johnson, special agent of the FBI, testified yesterday that Chaney confessed creating an overdraft at the bank "which grew larger." Chaney told the FBI Johnson said that he believed his shortage was approximately $15,000 but that he had been informed by the bank examiners that his account was short $71,000. The witness quoted Chaney as saying that he had made arrangements to make restitution for the shortage, but that no payment had been made as of January 11.

U. S. District Attorney Gilmore S. Haynie then rested the Government's case. Judge Luther M. Swygert adjourned the court until 9:30 a.m. today.

Talks With Chaney

Earlier in the trial yesterday, Robert Roeger, former bookkeeper for Chaney in Chaney Motors, Inc., at Harlan, told the jury that he talked to Chaney last July about

Miller Takes Stand In Own Defense; Admits Knowing Account Overdrawn

Andrew J. Miller, 41, of Leo, one of six men charged with participating in the $350,000 Spencerville Bank fraud, yesterday admitted under cross-examination he wrote checks knowing his account at the bank already was overdrawn.

As the Federal Court trial entered its second day, Miller took the stand in his own defense. Defense Attorneys Arthur Fruechtenicht and James Jackson, through questioning of Miller and other witnesses, attempted to show the defendant was innocent of wilfully committing any criminal act.

In cross-examination by U. S. District Attorney Gilmore S. Haynie, Miller said he had requested but never received a statement of his account at the Farmers and Merchants State Bank in Spencerville.

'Concerned' About It

"Do you deny you wrote checks after you knew you were overdrawn?"

"I do not deny that," Miller replied.

Miller asserted the overdraft was first called to his attention in July, 1949, by Roy Grimmer, Jr., an accountant employed by him. Miller said Grimmer told him his account was overdrawn approximately $12,000.

"Wasn't Mr. Grimmer concerned about the overdraft," the U. S. attorney asked.

"Yes, he was and so was I," Miller answered.

"And you continued to write checks after being so notified?"

"Yes, I did," the defendant said.

Miller and five others were indicted by a Federal Grand Jury last October 14. Miller is charged specifically with writing six checks totaling $8,300 after his account at the bank was already overdrawn $5,000.

$10,000 Deficit in Firm

Grimmer took the stand as a defense witness. He said he had represented a local firm of certified public accountants employed by Miller to set up a bookkeeping system for the latter's hatchery business at Leo. In July, 1949, when he assumed his duties, Grimmer said, the records of the business were highly inadequate. There was no record of assets and liabilities, he said.

Grimmer confirmed that he had talked to Miller about the $12,000 overdraft. He said the hatchery had a deficit of about $10,000 for 1949.

Other witnesses introduced by fendant, Ray Hoover, Spencerville grocer, will be tried following Wicoff's trial.

A six-count indictment charged Miller specifically with writing six checks for a total of $8,300 after his account already was overdrawn $5,000.

In closing arguments, Arthur Fruechtenicht and James Jackson, attorneys for the defendant, emphasized that Miller "had no knowledge of the true facts" of the manipulation of funds at the bank and was innocent of committing any wilful criminal act.

Denies Criminal Intent

Pointing to the bank's records submitted as evidence, Jackson declared the ledgers merely show "what Clyde Grover Rectenwall wanted them to show . . . Clyde Grover Rechenwall, who sat before you as a witness, a self-confessed criminal." He told the jury the defendant may be guilty of the "sins of confusion or the sins of an honest mistake," but certainly he was not guilty of any intentional wrong-doing.

Fruechtenicht asserted that the Government had failed to prove beyond a reasonable doubt its charges against Miller.

U. S. District Attorney Gilmore S. Haynie, assisted in the prosecution by Assistant U. S. Attorney Nobel F. Schlatter, addressed the jury directly:

"You are to determine one thing —did this man do what we charge he did."

Cites Discrepancy

The U. S. attorney pointed out to the jurors that the defense counsel had said in their opening statements they would show Miller had no knowledge of the true facts. He then recalled that Roy Grimmer, Jr., an accountant employed by Miller in July, 1949, testified under cross examination that he (Grimmer) had informed Miller in July that his checking account at the bank was overdrawn approximately $12,000

The defendant admitted under cross examination, Mr. Haynie said, that he continued to write worthless checks after he knew he was overdrawn. The U. S. attorney then read a transcript of Miller's testimony in part to the jury.

Following the closing arguments, Judge Swygert instructed the jury as to its duties. The three possible verdicts which they could return, he said, were (1) guilty on all counts, (2) not guilty on all counts, or (3) guilty to one or more of the six counts and not guilty as to the remaining counts.

Miller remained outwardly calm throughout the three-day trial. His wife and daughter sat beside him through most of the proceedings.

6 Reindicted In Bank Fraud; U.S. Tightens Case

By BRUCE HUNT

Six men accused of swindling the Spencerville bank of an estimated $350,000 in one of the most brazen and intricate frauds on record were re-indicted yesterday by a Federal Grand Jury in Hammond.

The original indictments were dismissed on motion of the Government. They had been pending since last October 14.

U. S. District Attorney Gilmore S. Haynie, who is directing the prosecution, said the new indictments were presented to the grand jurors in view of additional evidence which had been uncovered in the investigation.

52 Counts Against Cashier

In a new 46-count indictment, Clyde G. Rectenwall, 65-year-old former cashier at the Farmers and Merchants State Bank, is charged with "wilfully misapplying the bank's funds with intent to defraud." Rectenwall and R. C. Chaney, Jr., 26, Fort Wayne and Harlan auto dealer, also are charged in a separate six-count indictment with devising a check-kite scheme to defraud the bank and using the mails in carrying out their plan.

Netted $136,688

The check fraud attributed to Rectenwall and Chaney in the six-count indictment allegedly netted the defendants $136,688. An additional $92,411 loss at the bank is charged against Rectenwall, Chaney and the other four defendants.

Other defendants named in the 46-count indictment are:

Lessil O. Bardsley, Harlan trucker, charged with collecting $3,043 from 10 checks without having sufficient funds in his account and after his account already had been overdrawn $40,000.

Others Re-Indicted

Andrew J. Miller, 41, Leo Hatchery owner, charged with obtaining $8,300 from six worthless checks after his account already had been overdrawn in the amount of $5,000.

Dale C. Wicoff, 32, Spencerville school teacher, charged with cashing or depositing $769 in bogus checks after overdrawing his account by another $1,500.

Ray Hoover, 48, Spencerville grocer, charged with collecting $1,972 from 11 worthless checks after overdrawing his account in the sum of $9,500.

Chaney also is charged with writing 10 worthless checks totaling $16,370 in addition to overdrawing his account for another $6,000.

The five defendants are charged with "aiding and abetting" Rectenwall in the alleged swindle which brought about sudden liquidation of the Spencerville bank.

To Be Re-arrested

U. S. District Attorney Haynie said all six defendants will be re-arrested on the new charge and arraigned before U. S. Commissioner W. Robert Fleming. Rectenwall and Chaney previously were released on $10,000 bond and the other four defendants are free on $5,000 bond each. Their bonds will remain the same.

If convicted, the defendants would face a maximum penalty of five years in prison and $5,000 fine on each count of the indictment of which they were found guilty, Mr. Haynie said.

2 Denied Guilt

Rectenwall pleaded not guilty when arraigned in Federal Court here on the original indictment October 29. Bardsley later also pleaded not guilty when arraigned in Hammond, but arraignment of the other four defendants was still pending a ruling by Federal Judge Luther M. Swygert on their motions to dismiss the suit.

Frank Fell, accountant in charge assigned to the Spencerville bank by the Federal Deposit Insurance Corporation, said yesterday the $350,000 estimate of the bank's loss remains unchanged. The accounts of approximately 100 depositors still remain to be checked, he added.

Liquidation Speeded

Final liquidation of the Farmers and Merchants State Bank at Spencerville, Fell said, probably will take three or four months yet. All assets of the bank were transferred to the Auburn State Bank October 8. Deposits were guaranteed in full by the FDIC

The six defendants declined to comment at the time of their arrest. Judge Swygert announced recently that the case would be scheduled for trial in Fort Wayne Federal Court during the January term.

$1.90 BANK ACCOUNT OVERDRAWN

U.S. Presents Evidence in Fraud Case

Andrew J. Miller took the witness stand in his own defense in Federal Court today as the U.S. Government rested its case against the 41-year-old Leo hatchery owner, charged with aiding and abetting in the $350,000 Spencerville bank swindle last September.

Miller, one of six men implicated in the fraudulent activities, is being tried on six counts returned against him by Federal Grand Jury.

Climaxing evidence presented by the prosecution today was the testimony of Eber Patterson, special agent for the Federal Bureau of Investigation, who was assigned to the Farmers & Merchants State Bank in Spencerville on Sept. 22, 1949, to check records of the bank's accounts.

Checks Produced

Patterson identified six checks, drawn by the defendant, on the Miller Hatchery account which he found unrecorded against the account in the safe of the Spencerville bank. The checks, amounting to $8,300, were allegedly written after the hatchery account was already overdrawn, according to the testimony.

The FBI investigator said a total of 109 checks were drawn against the hatchery account for a total of some $15,000. Most of the checks, he said, were drawn in 1949, and while only 16 were drawn by the defendant, they totalled more than $13,000. The remainder, the witness said, were written by the wife of the defendant and employes of the hatchery.

Big Check, Little Funds

The prosecution submitted as state's evidence today a huge blackboard, prepared by Mr. Patterson, on which was recorded a summary of his findings in the investigation of the Spencerville bank. The board, interpreted by the witness, revealed that on Aug. 30, the date of the last count against the defendant, the Hatchery ledger balance was $1.90. On that date, according to the witness, a $2,000 check was drawn on the Miller hatchery account which already had overdrafts amounting to $12,729.15.

Clyde G. Rectenwall, 65, former cashier of the bank who pleaded guilty to 46 counts returned against him in Federal Court here last January, was cross-examined briefly by the defense counsel this morning earlier.

On Monday, Rectenwall testified that certain checks, supposedly written by Miller, were paid and then covered by misapplication of funds from other accounts.

The former cashier testified that Miller's account was first overdrawn in April or May, 1947, and that in June of that year he wrote the defendant telling him that he had insufficient funds in the bank to cover his checks, requesting that Miller cover the overdraft.

Records Are Produced

Also testifying for the U.S. Government Monday was Franklin Fell, liquidator for the Federal Deposit Insurance Corp. Through him, 23 exhibits of evidence were produced by the prosecution, including checks, ledgers and journals from the bank where the FDIC employe has been checking records since the discovery of the fraud.

Rectenwall is presently free on bond together with Roy C. Chaney, Fort Wayne and Harlan used car dealer, who pleaded guilty, and Lessil O. Bardsley, Harlan trucker, who was found guilty during Federal Court sessions last January.

The trial of Dale C. Wicoff, Spencerville school teacher, also charged with aiding and abetting in the swindle, originally scheduled to open Thursday, was set for Monday by Judge Luther M. Swygert today when the defense counsel for Miller indicated that the present trial may not reach conclusion as early as expected.

Trial of Ray Hoover, Spencerville grocer, also charged in the swindle, is scheduled to open in Federal Court next week also.

Other witnesses slated to testify in Miller's defense are Carl Trimble, bookkeeper for the Leo hatchery, and Roy Grimmer, CPA, accountant for the concern.

High Court Judges Hand Down Opinions And That's Final

When Supreme Court justices hand down a decision, it's always in writing and that's all there is. That's the end of it.

Spencerville Bank Cases In June Term

Three men charged with aiding and abetting in the $350,000 Spencerville bank fraud last September will go to trial in Federal Court here starting June 5.

Five other cases also have been scheduled for trial before Judge Luther M. Swygert, two of which will be jury trials.

The court session will open at 10 a.m. Monday, June 5, when a jury will be impaneled to hear the case of Andrew J. Miller, 31, of Leo, who was indicted on six counts of aiding and abetting in the fraud of the Farmers & Merchants State Bank in Spencerville.

Similar Charges

Others to be tried on similar charges in the fraud and dates for their trials are: Dale C. Wicoff, 32, of Spencerville, June 8, and Ray Hoover, 48, of Spencerville, June 13.

Clyde G. Rectenwall, 65-year-old former cashier of the Spencerville bank, and Leroy Chaney, Fort Wayne and Harlan used car dealer, pleaded guilty last January to charges implicating them in the bank swindle. They probably will be sentenced during the coming court session. Lessil O. Bardsley, Harlan trucker found guilty by a Federal jury for aiding and abetting in the same bank fraud, also remains to be sentenced.

...n Bank Fraud Freed Second Time On Bond

Four of six men re-indicted on charges of defrauding the Spencerville bank of an estimated $350,000 yesterday were arraigned before U. S. Commissioner W. Robert Fleming and released on bond for the second time.

The four defendants and the amount of their bonds are Clyde G. Rectenwall, 65, former cashier at the Farmers and Merchants State Bank, Spencerville, $20,000; R. C. Chaney, Jr., Fort Wayne, $20,000; Dale C. Wicoff, 32, Spencerville, $10,000; and Andrew J. Miller, 41, Leo, $5,000.

See Postponement

Ray Hoover, 48, another charged with participating in the swindle, was scheduled to appear before the U. S. Commissioner this morning to post bond. The sixth defendant, Lessil O. Bardsley, Harlan, was to be apprehended by the U. S. Marshal in Bay City, Mich., and taken before the commissioner there.

Although the six men are scheduled tentatively for arraignment before Federal Judge Luther M. Swygert in Hammond Friday, officials here yesterday said the arraignment probably will be postponed.

RECTENWALL TESTIFIES

Leo Hatchery Owner On Trial For Fraud

Clyde G. Rectenwall, 65-year-old bank cashier, who pleaded guilty January 13 to 46 counts against him in the $350,000 Spencerville bank swindle, appeared in U. S. District Court here yesterday as a witness for the Government in the trial of Andrew J. Miller, 41, who faces six counts in the same case.

Miller, a Leo hatchery owner, is charged with writing six checks amounting to $8,300 after his account at the Farmers and Merchants Bank in Spencerville was overdrawn. He and Rectenwall are among the six defendants originally arraigned in the case.

Toward the close of yesterday's opening session, Rectenwall was called to the stand by U. S. District Attorney Gilmore S. Haynie. Under Haynie's questioning, Rectenwall testified that the checks supposedly written by Miller, were paid and that the insufficient funds in Miller's account were covered up by misapplication of deposits of other depositors.

'Done By Myself'

When Haynie asked Rectenwall who paid the checks and covered up the lack of funds, the bank cashier answered, "that was done by myself."

Haynie then asked Rectenwall if he himself had benefited in any way from covering up Miller's checks. Rectenwall said, "not a dime."

Rectenwall said that Miller's account was first overdrawn in either April or May, 1947. He said he wrote a letter to Miller in June, 1947, telling him that he had insufficient funds in the bank to cover his checks and asked Miller to get the money to cover the overdraft.

Miller gave him a check for $4,000 later, Rectenwall testified, but it didn't cover the overdraft. The $4,000 check was written on the Lincoln National Bank in Fort Wayne.

Earlier Rectenwall had identified the six checks which Haynie had introduced as state's evidence. All of the checks had been written through July and early August of 1949.

'Insufficient Funds'

In his opening statement before the jury, Haynie said that the Government will try to prove that Miller drew checks on his own company, the Miller Hatchery, knowing that there were insufficient funds to pay the checks. He also said that he plans to show that Rectenwall paid these checks knowing Miller's account was already $5,000 overdrawn.

Miller is being represented by Arthur Fruechtenicht and James Jackson. Jackson made the opening statements for the defense, saying that through trust in his friends Miller was innocently drawn into the bank fraud. He said that Miller was a successful businessman who had assets which would have adequately liquidated any overdraft.

Johnson said that the counsel for the defense expects to show that there was no criminal intent involved on Miller's part and that Miller did not aid and abet Rectenwall in the swindle.

Franklin Fell, liquidator for the Federal Deposit Insurance Corporation, was the first witness called by Haynie and through him the Government introduced 23 exhibits of evidence. The exhibits were checks, ledgers and journals from the bank. Fell has been at Farmers and Merchants Bank since a fraud was discovered last September.

Fruechtenicht objected to the entry of much of the evidence, but most of his objections were overruled by Judge Luther M. Swygert.

Jury Chosen

During the opening session in the morning a jury of four women and eight men was chosen. The jurors are: Glenn C. Black, Albion; Mrs. Mame Ditzler, Warren; Oren E. Felton, Fairmont; Melvin Creew, Hartford City; Arthur N. Doak, 4205 Buell Drive; Ernest W. Bailey, 1410 Oneida Street; Mrs. Lela Curtis, Portland; Mrs. Frances Detamore, Portland; Otto Allemandinger, 2940 Plaza Drive; Mrs. Opal Ferguson, 2708½ South Calhoun Street; Alfred Bayman, Columbia City, and Fred Arend, Bluffton.

R. C. Chaney, 26, auto dealer, pleaded guilty to charges against him in the bank fraud the same day that Rectenwall entered his guilty plea. Lessil O. Bardsley, 43-year-old Harlan trucker, was found guilty January 20 by a jury of all 10 counts against him in the swindle.

Two other defendants, Dale C. Wicoff, Spencerville school teacher, and Ray Hoover, Spencerville grocer, are to be tried at a later date on charges of participating in the fraud.

Judge Swygert adjourned court at 5 p.m. yesterday and announced that it would convene again at 9:30 a.m. today. The counsel for the defense will cross-examine Rectenwall this morning.

Miller Found Guilty on All 6 Charges in Spencerville Bank Swindle by Federal Jury Here

The fourth of six men to face Federal charges in connection with the $350,000 shortage at the Farmers & Merchants State Bank in Spencerville was found guilty late Wednesday.

Andrew J. Miller, 41-year-old Leo hatchery owner, was pronounced guilty by a jury on all six counts of wilfully "aiding and abetting" in the bank swindle after the jury had deliberated only six hours. The verdict was returned at 10 p.m.

The defendant, at the reading of the verdict, manifested the same outward calmness he had shown throughout the trial which opened Monday. With him were his wife and 17-year-old daughter.

The case, in which Miller was specifically charged with writing six checks for a total of $8,300 after his account was already overdrawn $5,000, reached its conclusion Wednesday afternoon when summations were presented by the prosecution and defense counsel.

Dist. Atty. Gilmore S. Haynie presented the case for the U. S. Government. Arthur Fruechtenicht and James Jackson were attorneys for the defense.

Only one interruption marked the jury's deliberation Wednesday night. That was when Fred R. Arend, Bluffton, jury foreman, requested clarification from Judge Swygert on the term "wilful intent." The jury filed into the courtroom at 8:10 p.m. to hear instructions on this point and then resumed deliberation.

Following closing arguments Wednesday, Judge Swygert instructed the jury that it could return three possible verdicts: Guilty on all counts, not guilty on all counts, or guilty to one or more of the six counts and not guilty on the remaining counts.

Andrew J. Miller

Miller was set free late last fall on bond posted at the time of his indictment by Federal Grand Jury.

Sentencing to Be Later

Sentencing of the Leo hatchery owner will be pronounced by Judge Swygert following completion of trials next week of Dale C. Wicoff, Spencerville school teacher, and Ray Hoover, Spencerville grocer, also charged with aiding and abetting in the bank fraud which caused losses amounting to nearly half the bank's deposits.

Sentenced at the same time will be Clyde C. Rectenwall, 65, former cashier of the bank, who pleaded guilty to all 46 counts of misapplication of funds during Federal trial here last January. Roy C. Chaney, Jr., Fort Wayne and Harlan used car dealer, pleaded guilty to charges implicating him in the scheme at the same time.

Miller Guilty On All Counts In Bank Fraud

U.S. Jury Returns Verdict After Deliberating 6 Hours

A Federal Court jury of four women and eight men last night convicted Andrew J. Miller, 41-year-old Leo Hatchery owner of "aiding and abetting" in the $350,000 Spencervill bank fraud. The jury deliberated six hours.

Miller was found guilty on all six counts of the indictment.

ANDREW J. MILLER

The jury received the case at 3:50 p.m. yesterday and returned its verdict at 10 p.m.

Judge Luther M. Swygert gave no indication when sentence would be pronounced. Miller was permitted to go free on the bond he posted at the time of his indictment. Miller showed no emotion when the verdict was returned.

Only one interruption marked the six-hour wait while the jury was deliberating. That was when Fred R. Arend, Bluffton, jury foreman, requested clarification from Judge Swygert on the term, "wilful intent." The jury filed into the courtroom at 8:10 p.m. to hear instructions on this point repeated, and then retired to the jury room to continued deliberation.

One Of Six Accused

Miller, who was arrested October 19, 1949 following his indictment by a Federal Grand Jury, is one of six men charged with participating in the swindle. Clyde G. Rectenwall, former bank cashier of the Farmers and Merchants State Bank, Spencerville, is charged with wilful misapplication of funds at the bank. Rectenwall pleaded guilty when arraigned.

Other defendants so far convicted in the bank fraud in addition to Miller and Rectenwall are Leroy Chaney, Jr., and Lessil O. Bardsley. Chaney, 26-year-old Fort Wayne and Harlan auto dealer, pleaded guilty last January and Bardsley, Harlan trucker, was convicted by a Federal Court jury. None has been sentenced, pending completion of the trials.

Dale C. Wicoff, 32-year-old Spencerville school teacher, will go on trial at 9:30 a.m. Monday for "aiding and abetting Rectenwall in the fraud. The sixth defendant

Teacher Will Go on Trial Monday for Bank Swindle

Trial of Dale C. Wicoff, 32, Spencerville school teacher, on nine charges in connection with a $350,000 fraud at the Spencerville Farms and Merchants State Bank, will open at 9:30 a.m. Monday in Federal Court here.

Wicoff will be the fifth man indicted in the bank fraud case to be tried before Judge Luther M. Swygert. Trial of the sixth, and last, Ray Hoover, 48, Spencerville grocer, probably will begin later in the week.

Andrew J. Miller, 41, Leo hatchery owner, who Wednesday was found guilty of participating in the bank fraud, Friday was named defendant in a $30,000 suit filed in Federal Court here.

Government Sues Miller

The Federal Deposit Insurance Corporation filed the suit against Miller, charging that he owes the Federal agency $26,313.32, plus interest and costs, for money he received from the Spencerville bank after Nov. 10, 1948.

The bank was liquidated after discovery of a $350,000 fraud. The FDIC had insured its deposits.

Miller was indicted for writing checks which were honored by the bank, although he had insufficient funds to cover the checks in his account. He was one of six men indicted in the fraud.

Four of the six have been found guilty of participating in the fraud. They are Clyde G. Rectenwall, 65, former cashier of the bank; Leroy Chaney, Fort Wayne and Harlan used auto dealer; Lesil O. Bardsley, Harlan trucker; and Miller.

Sentencing Expected Soon

None of the four convicted men has been sentenced. It is expected that Judge Swigert will sentence all soon after the completion of the trials of Wicoff and Hoover.

The suit against Miller listed 157 checks, totaling $26,313.32, which were honored by the Spencerville bank. The largest single check was for $6,810.

The law firm of Kennerk, Kenny, and Kruse represents the FDIC in the suit.

Jury Selected In Hoover Case

The trial of Ray Hoover, 48, on 11 counts involving him in the $350,000 swindle of the Farmers & Merchants Bank at Spencerville, began in U. S. District Court here yesterday. Hoover, a Spencerville grocer, is the last of the six defendants in the bank fraud case.

By midafternoon yesterday a jury of nine men and three women had been chosen, paving the way for the opening statements by the Government and the defense.

Noble F. Schlatter, assistant U. S. district attorney, outlined the counts of the indictment in which Hoover is charged with writing 11 checks after his account at the bank was overdrawn by thousands of dollars.

$15,271 Overdraft

Schlatter said that Hoover's total overdraft was $15,271. He told the jury that the Government will present witnesses to show that Hoover wrote the checks and that they were covered at the bank by Clyde G. Rectenwall, 65, cashier, who misapplied funds.

Rectenwall, who pleaded guilty months ago to participating in the fraud, will appear as a witness for the Government.

In the trials of Lessil O. Bardsley, Andrew Miller and Dale C. Wicoff, all defendants in the case, Rectenwall testified that he deliberately misapplied funds to cover the bad checks written by those men. All three were found guilty of aiding and abetting Rectenwall in the fraud.

R. C. Chaney, Harlan and Fort Wayne used car dealer, pleaded guilty to a part in the fraud at the same time Rectenwall entered his plea.

'Faith In Rectenwall'

Howard Grim, attorney for the defense, made a very brief opening statement in which he told the jury that Hoover knew nothing of the bank records kept by Rectenwall. He said that Hoover had had complete faith in the integrity and honesty of the bank cashier and assumed that Rectenwall would look after his account.

Franklin Fell, liquidator for the Federal Deposit Insurance Corporation, was the only witness to testify yesterday. As in the three previous cases, he identified the many ledgers, journals, checks and statements that the Government presented as evidence.

The case will be continued this morning. In addition to Grim, Hoover is being represented by the law firm of Parrish & Parrish.

The jurors are Doris Vorheis, 1416 St. Joe Boulevard; Max Markley, Bluffton; Russell Talmadge, LaGrange; Alexander Wood, Gas City; Harvey Kreider, South Whitley; Lillian Stewart, 3310 Reed Street; John Kokosa, 111 Southern Street; Roy Moroney, Topeka; Mrs. Charles Teeple, Decatur; Carl Getts, 2115 Meridan Street; Robert Sr[illegible]ng, 1434 Oakland Street, [illegible] Markley, Bluffton.

Jury Chosen In Fraud Case Of Dale Wicoff

School Teacher Faces Nine-count Indictment

Trial of Dale C. Wicoff, Spencerville school teacher, on a nine-count indictment arising from the $350,000 Spencerville Farmers and Merchants Bank swindle, opened with the choosing of a jury in Federal Court today.

Wicoff, 32, has pleaded not guilty to the charges. He is the fifth of six men indicted in the case to be tried before Judge Luther Swygert.

Checks But No Money

The indictment against Wicoff charges that on May 3, 1947, he received payment on a check for $103.60, when his account was overdrawn by $1,500.

The indictment also lists seven checks, totaling $715, which were cashed after that date without sufficient funds to cover their payment.

Others Guilty

Two of the defendants, Clyde G. Rectenwall, 65, former cashier of the bank, and Leroy Chaney, Fort Wayne and Harlan used auto dealer, pleaded guilty to charges against them.

Lessil O. Bardsley, Harlan trucker, and Andrew J. Miller, 31, Leo hatchery owner, were tried and found guilty of aiding and abetting the fraud.

The convicted men will not be sentenced until after the trial of the sixth and last defendant, Ray Hoover, 48, Spencerville. It is expected that Hoover will be tried later this week.

Trial Begins Today In Final Bank Case

Ray Hoover, 48, last of six defendants in the $350,000 swindle at the Farmers & Merchants Bank at Spencerville, will go on trial in Federal Court here this afternoon.

Hoover, a Spencerville grocer, is charged with having written a number of checks on his account at the bank after the account was overdrawn by thousands of dollars.

Five other defendants in the case either have pleaded guilty or have been found guilty of aiding and abetting the bank fraud.

Clyde G. Rectenwall, 65, cashier of the bank, pleaded guilty to participating in the scheme and misappropriating funds. R. C. Chaney, Fort Wayne and Harlan used auto dealer, also pleaded guilty to a part in the fraud.

Trials Convict Some

Dale C. Wicoff, 32, Spencerville school teacher, was found guilty on three counts of aiding in the scheme by a jury in Federal Court last week. In the previous week, Andrew Miller, Leo Hatchery owner, was found guilty on all the counts against him.

Lessil O. Bardsley, Harlan trucker, was found guilty of aiding and abetting the fraud when he was tried before a Federal jury early this year.

Judge Luther M. Swygert is expected to sentence all of the defendants after the completion of the trial of Hoover.

Checks by Hoover Identified in Court

Clyde G. Rectenwall, cashier of the defunct Farmers & Merchants Bank, Spencerville, appeared as a witness for the Government this morning in the trial of Ray Hoover, last of six defendants to be tried in U. S. District Court here in connection with the $350,000 swindle of the bank.

Hoover is charged in an 11-count indictment involving him in the bank fraud.

Rectenwall, who has appeared as a witness for the Government in all previous trials, identified a packet of checks, allegedly written without sufficient funds, introduced as evidence and said they were signed either by the defendant or Mrs. Hoover.

Opening the trial late Tuesday afternoon, Noble F. Schlatter, assistant U.S. Attorney, outlined the counts of the indictment in which Hoover is charged with writing 11 checks after his account at the bank was overdrawn. He said that the defendant's total overdraft was $15,271.

The Government will show, Schlatter said, that Hoover wrote the checks and that they were covered at the bank by Rectenwall, who also appeared as a Government witness in the trials of Lessil O. Bardsley, Andrew Miller and Dale C. Wicoff. All three were found guilty of aiding and abetting Rectenwall in the fraud.

R. C. Chaney, Harlan and Fort Wayne used car dealer, pleaded guilty to a part in the fraud at the same time Rectenwall entered his plea.

In a brief opening statement late Tuesday, Howard Grim, attorney for the defense, told the court that Hoover knew nothing of the bank records kept by Rectenwall, saying that the defendant had complete faith in the integrity and honesty of the cashier. Besides Grim, Hoover is represented by Parrish & Parrish.

Franklin Fell, liquidator for the Federal Deposit Insurance Corporation, appeared as a witness for the Government, identifying ledgers, journals, checks and statements that the Government presented as evidence.

Jurors selected for the Hoover trial are: Doris Vorheis, 1416 St. Joe Blvd.; Max Markley, Bluffton; Russell Talmadge, LaGrange; Alexander Wood, Gas City; Harvey Kreider, South Whitley; Lillian Stewart, 3310 Reed St.; John Kokosha, 111 Southern St.; Roy Moroney, Topeka; Mrs. Charles Teeple, Decatur; Carl Getts, 2115 Meridian St.; Robert Spurling, 1434 Oakland St., and Earl Markley, Bluffton.

Wicoff On Stand In Own Defense

Dale C. Wicoff, 32, Spencerville schoolteacher who is facing nine counts in the $350,000 Spencerville bank fraud, took the stand for the first time yesterday in his trial that began Monday morning before Judge Luther M. Swygert in U. S. District Court here.

Wicoff began his testimony late in the afternoon and under the questioning of his attorney, Winslow Van Horn of Albion, confined it mostly to identifying cancelled checks and deposit receipts. Van Horn sought to show through the checks that Wicoff had deposited money on certain occasions and had not been given credit for it by Clyde G. Rectenwall, cashier of Farmers & Merchants Bank at Spencerville. Rectenwall, 65, himself pleaded guilty last January to misappropriating funds at the bank and appeared Monday to testify that he had deliberately misapplied funds of other depositors to cover Wicoff's overdraft.

Leaves Issue To Jury

U. S. District Attorney Gilmore S. Haynie objected to the entry of the cancelled checks as evidence, contending that they in no way proved that Wicoff had made a deposit in the bank. Haynie said the checks might well have been paid in cash.

Judge Swygert overruled Haynie's objections, saying that he would let the jury of eight men and four women decide that issue.

Earlier Van Horn had Wicoff and his wife, Mrs. Lucille Wicoff, identify deposit slips and three of the checks that figure in the nine counts. The dates and amounts on the checks and deposit slips closely corresponded and the defense planned to show that Wicoff had deposited the exact amount of the three checks a day or so before writing each one.

'No Bearing On Case'

Haynie objected on the grounds that the exhibits had no bearing on the case. He said that the Government gave Wicoff credit for both the deposits and the checks, but that despite the deposits, Wicoff's account was well overdrawn.

During this argument, Judge Swygert had the jury leave the courtroom. Van Horn said he was trying to show that Wicoff put a certain amount of money in the bank and then had written a check for that amount, and, therefore, was not trying to defraud the bank. Haynie contended that the exhibits were completely immaterial and that unless Van Horn could show that Wicoff had not been given credit for his deposits they had no place in the case.

Judge Swygert granted Haynie's motion and struck all the exhibits pertaining to the portion of the testimony from the case.

During the morning session Eber Patterson, special agent of the Federal Bureau of Investigation, appeared on the witness stand to testify that Wicoff's outstanding checks at the Farmers and Merchants Bank totaled $6,016.99 on October 8, 1949, when the bank ceased operation.

Character Witnesses

This corroborated Rectenwall's testimony and identification of 211 checks that he claimed were written by Wicoff after the school teacher's account at the bank was overdrawn.

Yesterday Van Horn called in the trustees of Concord and Spencer townships as character witnesses for Wicoff. Both testified that the schoolteacher was well liked in the community.

The checks that figure in the nine counts of the indictment were written between May 3, 1947 and September 1, 1949, and were for the following amounts: $103.60, $80.18, $80.18, $161.60, $50.00, $98.00, $103.66, $71.13, and $71.13.

Although the trial proceeded much more slowly yesterday than had been expected, there seemed a possibility that the jury may get the case late this afternoon. At the close of yesterday's session, Van Horn was still questioning Wicoff.

Court will convene at 9:30 a.m. today and Haynie is expected to begin his cross examination of th defendent early.

The News-Sentinel ?? 1950

SOMETHING LIKE A PRIVATE MINT

211 Checks Cashed by Wicoff As Overdrafts, U.S. Reveals

A packet of 211 checks was identified Monday by a witness for the Government in U.S. District Court here as having been written by Dale C. Wicoff, 32, Spencerville school teacher, who is on trial charged with nine counts in the $350,000 Spencerville bank swindle.

The witness who identified the checks was Clyde G. Rectenwall, 65, cashier of the bank who confessed six months ago to misappropriating funds.

Rectenwall said the checks were written after Wicoff's bank account was overdrawn. He said, "The fund at the bank to cover the checks came from depositors, whose deposits I misapplied to pay these checks."

Was Told Account Short

The former cashier testified that on numerous occasions he told the school teacher that his bank account was overdrawn and that Wicoff continued to write checks.

Rectenwall told the court that he had known Wicoff since 1939; and, as Spencer Township trustee, in conjunction with the Concord Township trustee, gave Wicoff his first job in Spencerville as a teacher. Asked by U.S. District Attorney Gilmore S. Haynie if he deliberately misapplied funds to cover Wicoff's checks, Rectenwall answered, "I'll have to say yes."

Lawyers Have Tussle

Early in Monday's proceedings the jury of four women and eight men were asked by Judge Luther M. Swygert to leave the courtroom after Winslow VanHorn and Haynie became involved in technical arguments.

VanHorn objected to the entry of Spencerville bank journals, ledgers and other books into the case on grounds that "false entries were so routine that the bank records couldn't have been kept without making false entries in accounts of persons who were innocent."

Judge Swygert overruled VanHorn, who cited a Supreme Court decision to try to prove his case, after Haynie said that he would present witnesses who would testify to the validity of the books.

Records Available for Defense

VanHorn also charged that records of the Federal Deposit Insurance Corporation had not been made available to him. Hugh Kennerk, counsel for the FDIC, answered that VanHorn could subpena any FDIC records and they would be presented. Franklin Fell, investigator for the FDIC, appeared as he has in all previous cases to identify the books of the bank presented as evidence by the Government.

E. Ross Adair is aiding VanHorn as counsel for the defense.

Ray Hoover, 48, Spencerville grocer, the final defendant in the bank swindle case, is expected to go on trial next week.

The Journal-Gazette

DEC 1950

Wicoff Is Convicted On 3 Of 9 Charges

Dale C. Wicoff, Spencerville school teacher, was found guilty on three of nine counts in connection with the Spencerville bank fraud, late last night. The jury in Federal Court convicted Wicoff of "aiding and abetting" the fraud by issuing three checks during the period of March, 1949, through September, 1949. He was acquitted of six other counts of the indictment. The verdict was returned at 11:27 p.m.

The guilt or innocence of Dale C. Wicoff, 32, Spencerville schoolteacher who is accused of participating in the $350,000 swindle of Farmers & Merchants Bank in Spencerville, was still in the hands of a Federal jury of eight men and four women at 10:30 o'clock last night. At that time, the jury had been deliberating for more than nine hours without reaching a decision.

The jury took the case at 1:05 p.m. yesterday, after U. S. District Attorney Gilmore S. Haynie and defense attorneys Winslow Van Horn and E. Ross Adair had presented final arguments.

Shortly after 9 p.m. the jury asked Judge Swygert for additional instructions on the legal meaning of "aiding and abetting" and "wilful intent to defraud." They then retired to jury room to deliberate the case further.

Nine Counts In Charge

In the nine counts listed in the indictment, Wicoff has been charged with writing nine checks after his account at the Farmers & Merchants Bank was overdrawn by thousands of dollars.

Earlier in the week, Eber Patterson, special agent of the Federal Bureau of Investigation, testified that though the bank ledger showed a balance in Wicoff's account, he actually had an overdraft of $6,016.99 in checks that had been written before October 8, 1949.

The checks listed in the indictment were written between May 3, 1947, and September 1, 1949, and were for the following amounts: $103.60, $80.18, $80.18, $161.60, $50.00, $98.00, $103.66, $71.13 and $71.13.

The high point in the case came when 65-year-old Clyde G. Rectenwall, who already has admitted an important part in perpetrating the fraud, took the stand to accuse Wicoff of being an accomplice in the scheme.

Wicoff had denied Rectenwall's accusations and maintained that he was innocently drawn into the fraud.

In his closing statement to the jury yesterday, Haynie said, "We believe we have proved beyond a reasonable doubt that he (Wicoff) committed the acts with which the Grand Jury has charged him."

Van Horn maintained that Wicoff wrote the checks without intent to defraud the bank. He said the school teacher never planned to have Rectenwall misapply funds to cover any checks he might have written.

DALE C. WICOFF

Jury To Get Wicoff Case Today; Testimony Differs

The fate of Dale C. Wicoff, 32-year-old school teacher who is charged with nine counts in the $350,000 Spencerville Bank fraud, will be thrown into the hands of an eight man-four woman jury today. Closing arguments in the case will begin at 9 a.m. in U. S. District Court here and the jury is expected to take the case under consideration around noon.

In yesterday's proceedings Wicoff and Clyde G. Rectenwall, 65, cashier of the swindled Farmers & Merchants Bank, contradicted each other during their respective testimony on the witness stand.

Rectenwall, who pleaded guilty to his part in the fraud several months ago, testified that he always gave Wicoff a desposit receipt or made an entry in the Wicoff bank book when the schoolteacher made a desposit at the bank. The one exception, he said, was when Wicoff deposited $600 for which he was given a receipt.

Got No Receipt, Claim

Earlier Wicoff had said on the witness stand that he frequently made deposits without receiving a desposit slip or a bankbook entry. Wicoff also inferred Tuesday that he made a $400 deposit on December 21, 1945, without receiving credit for it and identified a cancelled check for this amount written on that date. Yesterday he said he didn't remember whether he deposited the money or not.

During yesterday's afternoon session, Gilmore S. Haynie, U. S. District Attorney, had Rectenwall identify a receipt for a $375 War Bond which Wicoff purchased on December 21, 1945. This evidence was presented to tie in with Rectenwall's testimony that Wicoff always received credit for his deposit and with Haynie's contention that the cancelled check did not show that the $400 check was deposited.

After Rectenwall left the stand, Defense Attorney Winslow Van Horn called Wicoff back to the stand to refute the testimony of the former cashier. Haynie, however, objected on the grounds that Wicoff's testimony constituted a surrebuttal. Judge Luther M. Swygert sustained Haynie's objection.

Just before Rectenwall was discharged as a witness, Van Horn asked him if he remembered each individual conversation with all his depositors. Rectenwall said he did not. Van Horn then shouted, "Well, why are you trying so hard to share your guilt?" Rectenwall quietly answered, "I have just been answering the questions truthfully."

Six Character Witnesses

Van Horn called six witnesses to the stand in an attempt to show that Wicoff's standing in the Spencerville community was high. The witnesses were: Former Judge W. P. Endicott; Virgil Koch, Wicoff's neighbor; Don Burley, a farmer; Mrs. Wicoff; Everett Paschen, principal of school where Wicoff taught, and Dr. C. R. Baumgartner, a veterinarian. Roy Grimmer, Jr., an accountant, also was called by Van Horn to answer certain questions about the bank's books and journals.

Van Horn sought to show through Wicoff's testimony that the school teacher had assured Federal Deposit Insurance Corporation officials in October, 1949, that he would pay back any check he had written. Haynie objected to this testimony on the grounds that it occurred after the FDIC had moved into the bank and the overdrafts and misappropriation of funds had been discovered.

During the morning session Wicoff testified that he had no idea that Rectenwall was misapplying funds to cover his checks. He also said, under examination by Van Horn, that he had no intentions "to aid and abet" Rectenwall in the misapplication of funds.

Judge Swygert adjourned court at 3:30 p.m. yesterday after both the Government and the defense rested their cases.

The News-Sentinel Thurs. June 15, 1950

Lawyers Conclude Arguments in Trial of Wicoff

Attorneys made closing arguments to the jury early today in U.S. District Court in the trial of Dale C. Wicoff, 32, school teacher, who is charged with nine counts in the $350,000 swindle of the Farmers & Merchants Bank in Spencerville.

The jury of four women and eight men were expected to get the case by noon today.

U.S. Atty. Gilmore S. Haynie said this morning of Wicoff's account, "This wasn't just an occasional overdrawn account."

'Had Neck in Noose'

The defense charged that Wicoff deposited $600 in the bank that wasn't credited to his account, but said Wicoff did get a receipt from Clyde G. Rectenwall, cashier of the bank, for the amount. Rectenwall pleaded guilty last January to misappropriating funds of the bank.

"He didn't prove to me and he didn't prove to you (the jury) that he didn't get credit for any deposits," Haynie argued.

"He knew that Clyde Rectenwall would cover those checks for him."

Wicoff knew that he had Rectenwall's "neck in a noose," Haynie said, so he (Wicoff) continued to write checks because the only way he could get caught was for Rectenwall to turn himself in.

"We believe we have proved beyond a reasonable doubt that he committed the acts with which the grand jury has charged him," Haynie concluded.

Winslow VanHorn, counsel for the defense, brought out that he thought if Rectenwall had all those outstanding checks written by Wicoff, that he would not have stood idly by and allowed Wicoff to purchase a $375 War Bond as was brought out in Wednesday's testimony.

He asked the jury to judge Wicoff not only by the amount of his outstanding checks, but also to consider the period of time covered by the worthless checks.

In closing, VanHorn asserted that Wicoff wrote checks without intent to defraud the bank or cause Rectenwall to misapply funds.

Should the trial be completed by noon, a jury will be picked this afternoon for the trial of Harold S. Meier on charges of counterfeiting.

The Government and the defense rested their cases Wednesday afternoon after Haynie completed cross-examination of defense witnesses.

During the questioning, Wicoff and Rectenwall gave conflicting testimony concerning the defendant's bank deposits. Rectenwall said that he always gave Wicoff a deposit slip or made an entry in his pass book each time he made a deposit. He mentioned one exception when the school teacher deposited $600 and was given a receipt instead.

Defendant Testified

Wicoff said early Wednesday morning in testimony that he often made deposits at the Spencerville bank without receiving a deposit slip or a bankbook entry.

The defense also sought to show that Wicoff had made a $400 deposit Dec. 21, 1945, without being credited with it, and identified a cancelled check for this amount written on that date. Wicoff said once during testimony that he didn't remember whether he deposited the money.

Later, Haynie asked Rectenwall to identify a receipt for a $375 War Bond which Wicoff purshased Dec. 21, 1945, and presented it as evidence to bolster Rectenwall's testimony that Wicoff always received credit for his deposit and to support his contention that the cancelled check did not show that the amount had been deposited in the bank.

VanHorn, counsel for the defense, late Wednesday called several witnesses to the stand in an effort to show that Wicoff's standing in the Spencerville community was high.

The Auburn D.Sperch
June 16, 1950 FRIDAY

DALE WICOFF NOW FACING SENTENCE

Spencerville School Teacher is Fifth Man Convicted of Part in Bank Swindle — Found Guilty on Three Counts

Dale C. Wicoff, 32-year-old Spencerville school teather, joined four other defendants awaiting sentence in the Spencerville bank swindle after he was found guilty late Thursday night by a federal jury at Fort Wayne.

The jury deliberated for over 10 hours before finding Wicoff guilty on three of the nine counts with which he was charged.

Immediately after the verdict was returned at 11:27 p.m. Thursday, Federal Judge Luther M. Swygert ordered the federal probation officer to make pre-sentence investigation. Wicoff was released under the property bond he had posted after his indictment by the federal grand jury last fall.

The case was turned over to the federal jury at 1:05 p.m. Deliberation did not start until 2:15 p.m. following lunch.

With the conviction of Wicoff, the government was batting 1.000 percentage with five convictions in five trials against the defendants in the $350,000 fraud.

Only one defendant remains to be tried. Ray Hoover, 48, Spencerville grocer, is expected to go on trial next Monday for his alleged participation in the swindle.

The five convicted are Clyde G. Rectenwall and Roy C. Chaney, who entered pleas of guilty and Andrew W. Miller and Lessil O. Bardsley, both of whom, like Wicoff, were found guilty after trial by jury.

Acquitted on Six Counts

Wicoff, although found guilty on three of the counts, was the first defendant to face trial to be acquitted on any charge.

On six of the nine counts with which he was charged, the jury found him innocent.

The counts on which he was found guilty involved two checks for $71-.13 each and one for $103.61.

He was found innocent of "aiding and abetting" Rectenwall in the fraud on all disputed checks written before 1949.

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Dale cont.

The check for $103.61 was written to the Sears Roebuck Company for township supplies Wicoff purchased for Spencer township. The other two checks were written to the General Motors Acceptance Corp. for payments on Wicoff's car.

The checks listed in the indictment were written between May 2, 1947 and Sept. 1, 1949.

Wicoff's guilt or innocence apparently hinged upon whether the jury accepted his or Rectenwall's testimony concerning conferences held on two occasions between the pair.

The conferences took place on Dec. 20, 1948 and on Jan. 15, 1949.

Rectenwall testified that on the earlier date, he had told Wicoff that his account was overdrawn. Then in January, Rectenwall said he told the school teacher, after the latter had deposited $600, that his account was still overdrawn.

Wicoff's version was in direct conflict. The school teacher said on Dec. 28, 1948, he was told by Rectenwall that his account was overdrawn. He said he told the bank cashier that he would attempt to secure a loan on an insurance policy.

According to Wicoff, on the following Jan. 15, he deposited $600 which he had borrowed on his insurance policy. He stated that he asked Rectenwall if that cleared up the overdraft and said the ex-cashier told him it was sufficient.

It was upon the basis of this testimony that the defense claimed Wicoff was innocent of any "intent" to aid in the swindle.

Once, during the long jury deliberation, the jurors returned to open court at 9 p.m. and asked Judge Swygert for additional instructions on the legal meaning of "aiding and abetting" and "wilful intent to defraud."

Five Years Maximum Sentence

With his conviction, Wicoff and the other defendants face a maximum sentence on each count of imprisonment for not more than five years and a fine, on each count, of not more than $5,000. There is no minimum penalty.

Attorneys Make Arguments

Closing arguments were made Thursday morning on the fourth day of the trial.

Winslow Van Horne of Auburn and E. Ross Adair, a Fort Wayne attorney, presented the arguments in behalf of the school teacher. Van Horne struck again at the bank records, upon which the government based its case, by asserting that "the truth is not in them."

He compared Wicoff's trial to a jig-saw puzzle with one little piece

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Cont

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Dale cont.

of the puzzle representing Dale Wicoff. The government, he said, would have the jury look at one little piece of the scrambled and still not complete story of the bank swindle and convict Dale Wicoff.

The Auburn attorney, in rebuttal to the government contention that Wicoff bought a war bond with $400 that the defense claims was not entered on the school teacher's deposits by Rectenwall, said the former cashier would not have stood idly by and allowed Wicoff to purchase a $375 war bond in view of all the outstanding checks allegedly written by the defendant.

In closing, Mr. Van Horne asserted that Wicoff wrote the checks without intent to defraud the bank or to cause Rectenwall to misapply funds.

Adair said the people of Spencerville, by rehiring Wicoff to teach their children next year, have already given their verdict.

U. S. Atty. Gilmore S. Haynie, in his closing argument, said of Wicoff's account, "This wasn't just an occasionally overdrawn account."

The defense charged that Wicoff deposited $600 in the bank that was not credited to his account, but said Wicoff did get a receipt from Clyde G. Rectenwall, cashier of the bank, for the amount.

Discredits Defense Evidence

"He didn't prove to me and he didn't prove to you (the jury) that he didn't get credit for any deposits," Haynie argued.

"He knew Clyde Rectenwall would cover those checks for him."

Wicoff knew that he had Rectenwall's "neck in a noose," Haynie said, so he (Wicoff) continued to write checks because the only way he could get caught was for Rectenwall to turn himself in.

"We believe we have proved beyond a reasonable doubt that he committed the acts with which the grand jury has charged him," Haynie concluded.

Conflicting Statements

During Wednesday's session, the school teacher and the government's star witness, Rectenwall, contradicted each other during questioning on the witness stand.

The former cashier, who pleaded guilty last January to his part in the swindle, testified that he always gave Wicoff a deposit receipt or made an entry in the Wicoff bank book when the school teacher made a deposit at the bank.

According to Rectenwall, the one exception was when Wicoff deposited $600 for which he was given a

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Dale cont.

receipt.

On Tuesday, Wicoff said on the witness stand that he frequently made deposits without receiving a deposit slip or a bankbook entry. He also inferred that he made a $400 deposit on Dec. 21, 1945 without receiving credit for it and identified a cancelled check for this amount on that date.

Rectenwall was asked by Haynie to identify a receipt for a $375 war bond which Wicoff purchased Dec. 21, 1945. This evidence was presented to tie in with the gray-haired cashier's testimony that Wicoff always received credit for his deposits and with Haynie's contention that the cancelled check did not show that the $400 was deposited.

After Rectenwall left the stand, Van Horne called Wicoff back to the stand to refute the testimony of the former cashier. Haynie, however, objected on the grounds that Wicoff's testimony constituted a surrebuttal. Judge Swygert sustained Haynie's objection.

"Trying to Share Guilt?"

Before Rectenwall was discharged as a witness, the Auburn attorney asked him if he remembered each individual conversation with all his depositors. Rectenwall said he did not. Van Horne then shouted, "Well why are you trying so hard to share your guilt?" Rectenwall quietly answered, "I have just been answering the questions truthfully."

Six character witnesses were called to the stand by defense in an attempt to show that Wicoff's standing in the Spencerville community was high. They included the former DeKalb county circuit court judge, W. P. Endicott, of Auburn; Virgil Koch, Wicoff's neighbor; Don Burley, a farmer; Mrs. Wicoff; Everett Paschen, principal of the Spencerville school where Wicoff taught, and Dr. C. R. Baumgartner, a Spencerville veterinarian. Roy Grimmer, Jr., an accountant, also was called by Van Horne to answer certain questions about the bank's books and journals.

The defense sought to show through Wicoff's testimony that the school teacher had assured Federal Deposit Inusrance corporation officials in October, 1949, that he would pay back any check he had written. Haynie objected to this testimony on the grounds that it occurred after the FDIC had moved into the bank and the overdrafts and misappropriation of funds had been discovered.

Evidence in Wednesday

Both the government and the defense rested late Wednesday afternoon.

The defense struck hard at the government's case before resting at

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noon. At the afternoon session, Wicoff was cross-examined by Mr. Haynie. The district attorney attempted to discredit defense testimony that there was no intent, on the part of Wicoff, to defraud the Spencerville bank.

Deposited Salary Checks

Wednesday, on the third day of the trial, the defense continued to offer as evidence checks and depositor's balance sheets.

The 32-year-old school teacher identified the checks as pay for teaching and told the jury under questioning that he "offered them for deposit at the Spencerville bank."

When asked by Van Horne if he customarily offered at least part of the amount as a deposit, Wicoff said that he did.

"Do you ever remember taking a check into the bank and not offering part of it for deposit?" Van Horne asked.

"Yes," Wicoff answered.

"When?" Van Horne asked.

"About the last half of 1946," Wicoff said.

Wicoff said that he could not remember any other occasions when he took checks to the bank and did not deposit part of them.

Van Horne then asked Wicoff, "Did you ever intend to defraud the Farmers and Merchants bank in Spencerville?"

Wicoff answered, "I did not."

"Did you have any knowledge that Mr. Rectenwall was misappropriating funds at the Farmers & Merchants bank?" he asked Wicoff.

"I did not."

"Did you at any time have any intentions to aid, abet, assist, counsel or encourage Mr. Rectenwall to misapply funds?" his attorney asked him.

"I did not."

After a short jury recess, Haynie asked Wicoff if Rectenwall ever told him that "he had some checks." Wicoff answered, "Yes."

"Did you ever ask him what he meant when he said this?" Haynie asked. Wicoff said, "I don't believe I ever asked him."

Wicoff Takes Stand

Wicoff took the stand for the first time at the trial late Tuesday afternoon. Under questioning by VanHorne he identified cancelled checks and deposit receipts.

The defense attempted to show that Wicoff had on certain occasions deposited money in the Spencerville bank and had not been given credit for it by Clyde G. Rectenwall. The gray-haired former cashier is awaiting sentence on his plea of guilty last January to misappropriating funds at the bank.

Rectenwall testified as a government witness Monday that he had misapplied funds of other depositors to cover Wicoff's overdrafts.

The U. S. district attorney, Gilmore S. Haynie of Fort Wayne, objected to entry of the cancelled checks as evidence. He told the court that the did not prove that Wicoff had made a deposit in the bank and said the checks might well have been paid in cash.

Haynie's objections were overruled by Federal Judge M. Swygert who said that he would let the jury of four women and eight men decide that issue.

Severe Blow for Defense

Earlier Tuesday, Van Horne called both Wicoff and his wife, Lucille, to the stand to identify deposit slips and three of the checks that are involved in the nine-count indictment against the school teacher.

VanHorne pointed out to the jury that the dates and amounts on the checks and deposit slips corresponded. The defense was attempting to show that Wicoff had deposited the exact amount of the three checks a day or so before writing each one.

Haynie objected on the grounds that the exhibits had no bearing on the case. He said the exhibits were completely immaterial and unless the Auburn attorney could show that Wicoff had not been given credit for his deposits, they had no place in the trial.

During the argument, the jury, on orders from the judge, left the court room.

VanHorne, in seeking to admit the the evidence said that he was trying to show that Wicoff put a certain amount of money in the bank and then had written checks for that amount.

After a lengthy argument, Judge Swygert upheld Haynie's objection and struck all the exhibits involved from the case.

Restitution for Overdraft

The defense reported that Wicoff has made full restitution for the alleged overdraft of over $5,000. He is the only one of the six men indicted to make restitution.

It was also reported that Wicoff has been rehired for another school term by the Spencer and Concord township trustees.

Cont.

Miller, Wicoff Seek New Trials

Andrew J. Miller, 41, and Dale C. Wicoff, 32, both of whom have been found guilty by juries of participating in the $350,000 swindle of the Farmers & Merchants Bank at Spencerville, filed motions for new trials in the Federal Clerk's office here yesterday.

Miller, a Leo hatchery owner, was found guilty by a jury June on six counts of aiding and abetting in the bank fraud. Wicoff, a Spencerville, school teacher, was found guilty June 15 of three of the nine counts listed against him in the swindle. The two men had been charged with writing checks after their accounts at the bank were overdrawn by thousands of dollars.

Both motions claim that the court erred in sustaining the government's objections to certain testimony and in overruling the defense's objections to other testimony.

'Juror Prejudiced'

The Miller motion further claims that Melvin Creek, a juror, stated in the presence of the rest of the jury that a bartender in Blackford County had told him that Miller had passed bad checks in that county 15 to 17 years ago. Miller's attorneys charge that this evidence indicates that Creek was prejudiced to the defendant.

Alfred Bayman, another juror in the case, has made a sworn statement to Creek's alleged discussion of Miller in the jury room.

Miller's attorneys are Arthur Fruechtenicht and James W. Jackson. Wicoff is being represented by Winslow Van Horne, E. Ross Adair and Orvas E. Beers.

Indications point to both motions being argued before Judge Luther M. Swygert July 11.

New Trial Asked In Bank Fraud

Fort Wayne Journal-Gazette Thurs. July 6, 1950

A motion for a new trial for Ray Hoover, 48-year-old grocer convicted of "aiding and abetting" in the $350,000 Spencerville bank fraud, was filed yesterday in Federal Court here

Defense attorneys charged Hoover did not receive "a fair and impartial consideration of his case."

Attached to the motion are affidavits from Russell Talmadge and Roy Moroney, two members of the jury which found Hoover guilty. Talmadge said he was not convinced that Hoover was guilty at the time the jury deliberated. He said Lillian Stewart, one member of the jury, told jurors at the time of deliberation that she was "impatient for a quick disposition" of the case because she had an appointment to keep. Moroney asserts in his affidavit that he does not believe the Government proved its charges against Hoover.

Third To Appeal

The defense further charges the verdict was contrary to the weight of the evidence and that the jurors did not consider evidence presented in the trial by the defendant.

Hoover's motion for a new trial was the third resulting from the Spencerville bank trials. Similar motions were filed recently by Dale C. Wicoff, 32, and Andrew J. Miller, 41, also found guilty of aiding and abetting Cashier Clyde G. Rectenwall in the bank swindle.

Federal Judge Luther M. Swygert will conduct a hearing on Wicoff's new trial motion July 10. Miller's motion will be heard July 17.

Hoover is represented by the law firm of Parrish & Parrish and

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Six in Bank Fraud Case Given Prison Sentences

BY PHIL CULLIMORE

Prison sentences totaling 22 years and six months were handed down shortly after noon today by Judge Luther M. Swygert, ending nearly 11 months of litigation over the Spencerville Farmers & Merchants Bank fraud.

R. C. Chaney, Jr., Fort Wayne and Harlan used car dealer, received the stiffest sentence of the six. He is to serve five years in prison for using the mails to defraud, and two years for aiding and abetting in the misapplication of the bank's funds.

Clyde G. Rectenwall, cashier of the Spencerville bank, received a sentence of five years on each of 46 counts, except for several of he charges which were defined as misdemeanors rather than felonies. The sentences are to be served concurrently, making a total sentence of five years.

Other Sentences Milder

Lessil O. Bardsley, Harlan trucker, was sentenced to serve three years each on counts one to 10 inclusive of the indictment, sentences to be served concurrently.

Andrew J. Miller, Leo hatchery wner, was sentenced to serve ree years each on counts 11 nrough 16, the terms to be served concurrently.

Dale C. Wicoff, Spencerville school teacher, was sentenced to 18 months on count 23 of the indictment, and to one year each on counts 24 and 25, to be served concurrently.

Ray Hoover, Spencerville grocer, was sentenced to three years each on counts 37 through 46 of the indictment.

The defendants were further ordered to pay court costs as a part of their sentences.

Each of the defendants was granted five days in which to wind up his business affairs before beginning to serve his sentence.

Swindle Termed Tragedy

Judge Swygert prefaced the pronouncement of sentences by describing the bank swindle as "a tragedy to the individuals, their families and the community."

Except in one instance, he said, the men convicted probably do not need institutional treatment to rehabilitate them to useful citizenship. But other things must be weighed, he continued. If no punishment is given, it would result n disrespect for law, the courts and the Government.

The one exception referred to was the case of Chaney, who, Judge Swygert said, "took advantage of Rectenwall," and had the idea that he could get along the easy way. (Chaney's overdrafts and check-kite activities were for about $143,000.)

Rectenwall Admits Profit

In making his decisions as to the sentence for Rectenwall, Judge Swygert said that there had been no evidence submitted to show that Rectenwall profited personally from the misapplication of the bank's funds. Rectenwall's age, which is 65, also had to be considered, he said.

Concerning the others who were convicted of aiding and abetting in the swindle, the judge commented that though they were not in the same position of trust as Rectenwall, they benefitted from his deeds and took advantage of him. Wicoff, he said, was found guilty of having a smaller overdraft than the others, but since Wicoff was a school teacher, he was a trusted individual in the community. This fact also had to be considered in deciding upon his punishment, he said.

"There were no mitigating circumstances in any of these cases," the judge concluded, before passing sentence.

Harder Sentences Permitted

The maximum sentences the men could have received are:

Rectenwall, a fine of $206,000 or 206 years in prison or both.

Bardsley, a fine of $50,000 or 50 years in prison or both.

Miller, $30,000 fine or 30 years in prison or both.

Wicoff, a fine of $7,000 or seven years in prison or both.

Chaney, a total fine of $106,000, 135 years in prison or both.

Hoover, $55,0000 fine or 55 years in prison or both.

Judge Swygert, saying that he was going beyond the province of the court had invited state bank examiners and representatives of the Federal Deposit Insurance Corp. to appear in court and explain how such frauds happen. One FDIC spokesman said that many frauds are discovered, but that the primary duty of the FDIC is to inspect banks for loan policies, rather than to make detailed audits.

Government Sues Chaney

A suit asking judgment of $102,500 from Chaney was filed here Thursday by the Federal Deposit Insurance Corp. in the office of the Federal Clerk. The amount asked in the suit allegedly represents Chaney's part in the $350,000 fraud of the Spencerville Bank.

Chaney is the third of the six men involved in the swindle to be sued by the FDIC. Miller and Hoover were the first two named in similar suits.

Wicoff Seeks Bond Release; Appeal Pends

Dale C. Wicoff, 32, Spencerville school teacher, was to appear in Federal Court in Hammond today to seek admittance to bail, pending an appeal of his sentence.

He was sentenced in U.S. District Court here last Friday to serve 18 months in a Federal prison. Monday his attorneys filed a notice of appeal in the office of the Federal Clerk here.

Wicoff, who, with five others, was sentenced to prison last Friday, was convicted by a Federal jury here in June on three counts of aiding and abetting in the $350,000 fraud.

The document filed here notifies the U.S. District Court that an appeal will be made to the United States Circuit Court of Appeals for the Seventh District, in Chicago. The notice did not set forth the points of argument on which the appeal will be based.

Wicoff, along with Clyde G. Rectenwall, bank cashier; R. C. Chaney, Jr., Fort Wayne and Harlan used car dealer; Lessil O. Bardsley, Harlan trucker; Andrew J. Miller, Leo hatchery owner, and Ray Hoover, Spencerville grocer, were to report at 10 a.m. Wednesday to Charles F. Brandt, U.S. Marshal, to begin serving their sentences.

New Trials Denied In Bank Fraud

Federal Judge Luther M. Swygert filed an opinion in the U. S. District Clerk's office yesterday in which he denied new trials to Andrew J. Miller, Leo hatchery owner, and Ray Hoover, Spencerville grocer. Both men were found guilty by Federal juries of participating in the $350,000 swindle of the Farmers & Merchants Bank at Spencerville.

Earlier Judge Swigert denied Dale C. Wicoff's motion for a new trial. Wicoff, a Spencerville school teacher, was also found guilty of a part in the fraud.

Miller, in filing for a new trial, had charged a juror in his trial with telling other jurors that Miller had written bad checks 15 years ago.

Answering this charge, Judge Swygert wrote, "After hearing all of the testimony, it is determined that the charge that some of the other jurors received improper and extraneous information relative to the case during the trial from outside sources has not been established."

In denying both cases, the judge referred to previous cases that have similar backgrounds and which set the precedent for his denial.

Other defendants in the Spencerville case did not request new trials. They are: Clyde G. Rectenwall, bank cashier; R. C. Chaney, Jr., Fort Wayne and Harlan used car dealer, and Lessil O. Bardsley, Harlan trucker.

Indications point to Judge Swygert sentencing all of the men in mid-August.

Five Convicted In Bank Fraud Begin Terms

6th Person Implicated Remains Free on Bond

Dale C. Wicoff, 32, Spencerville teacher, remained free on $5,000 bond today, pending an appeal of his sentence to the United States Circuit Court of Appeals in Chicago.

Meanwhile, five others who, with Wicoff, were sentenced to serve terms at the Federal Penitentiary at Terre Haute, reported here this morning to U.S. Marshal Charles F. Bandt to begin their terms.

In Hammond Tuesday, Judge Luther M. Swygert, who last Friday sentenced Wicoff to 18 months imprisonment, granted the teacher's request to remain free on bail. Wicoff is represented by Winslow VanHorn, Auburn, and E. Ross Adair, Fort Wayne.

New Trial Denied

Wicoff was found guilty in June of three of nine counts of aiding and abetting in the $350,000 bank swindle. He later filed a motion for a new trial, which was denied by Judge Swygert.

The five who began their sentences today are: Clyde G. Rectenwall, 66, who was cashier of the Spencerville Farmers & Merchants Bank, sentenced to five years; R. C. Chaney, Jr., 27, Fort Wayne and Harlan used car dealer, seven years; Andrew J. Miller, 42, Leo hatchery owner, three years; Lessil O. Bardsley, Harlan trucker, three years, and Ray Hoover, Spencerville grocer, three years.

School Cancels Teaching Contract Of Dale Wicoff

AUBURN. — Vinton Miller, Spencer Township trustee, announced yesterday that the teaching contract of Dale C. Wicoff, 32, recently convicted of participation in the swindle of the Farmers & Merchants State Bank at Spencerville, has been cancelled.

Wicoff signed a one-year contract more than two months ago. He has taught in the Spencerville Township schools for the past 11 years as vocational agriculture instructor and during the past few years has been the veterans' agricultural training instructor in the township.

The trustee reported he has not secured a replacement for the position vacated by Wicoff. According to Carl F. Stallman, superintendent of the DeKalb County schools, the vocational agriculture teaching position in the Concord Township Schools still remains open.

Reports from Spencerville late Wednesday stated that a petition has been circulated in the community asking that Wicoff be retained as instructor in the Spencerville Schools.

Wicoff's Teaching Contract Cancelled

The teaching contract of Dale C. Wicoff, 32, convicted recently of participation in the $350,000 swindle of the Farmers and Merchants State Bank at Spencerville, has been cancelled, Vinton Miller, Spencer township trustee, announced Wednesday.

Wicoff, who is appealing the 18 months sentence imposed upon him in federal court in Fort Wayne, was vocational agriculture instructor in the Spencer township schools and for the veterans' agricultural training program in the township.

Wicoff signed a one-year contract over two months ago. He has taught in the Spencer township schools for the past eleven years.

The Spencer township trustee reported that he has not secured a replacement for the position vacated by Wicoff. According to Carl F. Stallman, superintendent of the DeKalb county schools, the vocational agriculture teaching position in the Concord township schools is also open.

Reports from Spencerville stated that petitions have been circulated in the community asking that Wicoff be retained as instructor in the Spencerville schools..

Bank Fraud Defendants Begin Terms

Five defendants, convicted and sentenced for complicity in the $350,000 swindle of the Farmers and Merchants State Bank at Spencerville, went to prison last week.

The sixth defendant, Dale Wicoff, 32-year-old Spencerville school teacher sentenced to 18 months in prison, remains free under $5,000 bond pending an appeal of his sentence to the United States Circuit Court of Appeals in Chicago.

The five men who went to prison a week ago were Clyde G. Rectenwall, 66, former cashier of the bank who was sentenced to serve five years; R. C. Chaney, Jr., 27, Fort Wayne and Harlan used car dealer, seven years; Andrew J. Miller, 42, Leo Hatchery owner, three years; Lessil O. Bardsley, 38, Harlan trucker, three years and Ray C. Hoover, 48, Spencerville grocer, three years.

Wicoff was the only defendant in the case to file notice of appeal. He appeared in federal court at Hammond and was admitted to bail by Federal Judge Luther M. Swygert, He now has 40 days to secure a transcript of the proceedings at his trial.

In a statement preceding the sentencing of the six defendants, U. S. District Atorney Gilmore S. Haysie of Ft. Wayne disclosed that "there were other individuals with overdrafts" who were never indicted.

The statement by the district attorney answered a question paramount in the minds of many interested persons, although the government had reported months ago that the six defendants were responsible for less than $250,000 of the $350,000 shortage uncovered at the bank.

In his statement Haynie said that "in justice to the community (Spencerville), I would like to say that there were other individuals with overdrafts. The cases were carefully screened by the FBI and FIDC and rather than assuming the risk of injuring an innocent party who may have had a slight overdraft, we set an arbitrary figure. That figure was $5,000 and covered a long period of time.

"Some innocent parties," he continued, "might have been drawn into the indictment and share the same responsibilities as those who were indicted."

TWO MORE STEPS IN APPEAL OF WICOFF

Two more steps were taken Friday by attorneys representing Dale C. Wicoff of Spencerville in perfecting his appeal from a conviction in federal court at Fort Wayne of a part in the recent Spencerville bank swindle.

Mr. Wicoff, sentenced to 18 months in a federal penitentiary, is the only one of the defendants in the Spencerville case who is now free on bond. Others are serving their sentences imposed in court at Ft. Wayne.

Attorney Winslow VanHorne of Auburn appeared before the U. S. Court of Appeals for the seventh circuit in Chicago on Friday and filed two petitions which were granted. He presented the transcript of the record in the case. It was ordered that the printing of the transcript be waived and the cause will be determined on a typewritten transcript of the record. The transcript contains all of the entries made by the court at Fort Wayne and a verbatim report of evidence at the trial.

The court also granted an extension of time for the next step in the appeal, the filing of a brief by the attorneys for Mr. Wicoff. The brief will contain the contentions of the attorneys why the conviction should be set aside and is to be ready by Nov. 10. After the brief is filed, the U.S. attorney, Gilmore S. Haynie of Fort Wayne, will file an answer to the contentions of Wicoff and his attorneys and then the defense has the right to make a reply to the government's answer. After this procedure oral arguments will be held and the appeals court will then decide whether to set aside the conviction or affirm the verdict in the lower court.

Mr. Wicoff, whose teaching contract was cancelled by Vinton Miller, trustee of Spencer Township, before the start of the 1950-51 term of the Spencerville school, is still residing at Spencerville. He taught agriculture in the Spencerville high school and also a veterans' vocational training course.

Appeal To Be Heard Jan. 5

The appeal of Dale C. Wicoff will be heard January 5 in the U S. Circuit Court of Appeals at Chicago, his attorney, Winslow VanHorne of Auburn, reported Tuesday.

Mr. VanHorne, attorney for Wicoff with E. Ross Adair of Ft. Wayne, the Fourth District congressman-elect, said he was notified of the date for the oral arguments on the appeal by Kenneth J. Carrick, clerk of the appeal court for the Seventh District.

The hearing will be held before a panel of three federal judges at the court at 1212 Lake Shore Drive. It is scheduled to start at 9:30 a.m.

The attorneys for Wicoff filed the brief in the case Nov. 10. Gilmore S. Haynie of Fort Wayne, U. S district attorney and prosecutor at the Spencerville bank trials, has filed the government's answer.

The circuit court of appeals will decide whether to set aside the conviction of the former school teacher or to affirm the verdict handed down by a federal jury in the U. S. court at Fort Wayne last June.

$26,313 Judgment Granted In Spencerville Bank Case

A summary judgment against Andrew J. Miller, Leo hatchery owner, for $26,313.12 has been granted the Federal Deposit Insurance Corp. by Judge Luther M. Swygert in Federal Court in Hammond.

The court ruling states that this action is for money that Miller, the defendant, received, and that the sum, in its entirety, is due and unpaid. The court ruling orders Miller to pay the amount of the judgment, with interest, from Oct. 9, 1949, together with court costs.

Serving Prison Terms

Miller, who was sentenced here Aug. 18 to serve three years, concurrently, on each of six counts of aiding and abetting in the Spencerville bank fraud, is one of four to be sued by the FDIC. This is the first of the court's decisions in the motions for judgments.

Miller is now serving his term in the Federal Penitentiary at Terre Haute, along with four others convicted in the swindle of the Farmers & Merchants Bank at Spencerville. Dale Wicoff, former Spencerville school teacher, is appealing his sentence to the Circuit Court of Appeals in Chicago.

Court Will Hear Arguments On Wicoff Sentence Appeal

Oral arguments will be heard Thursday in the United States Circuit Court of Appeals for the Seventh District in Chicago on an appeal of sentence filed by Dale C. Wicoff, former Spencerville school teacher.

Wicoff, who was sentenced Aug. 18, 1950, to serve 18 months in prison for aiding and abetting in the swindle of the Farmers & Merchants Bank at Spencerville, will be represented by Winslow VanHorn, Auburn attorney. U.S. Attorney Gilmore S. Haynie, who prosecuted Wicoff, will represent the Government at the hearing.

Mr. VanHorn said today that he would use two main points or arguments in his appeal.

"False" Records

First, he said he would stress the fact that the court here admitted in evidence bank records, which were "admittedly false," as proof of a crime. These records, he said, reflected a 65 per cent shortage, therefore, there is a 65 per cent error.

Secondly, VanHorn said, these records were admitted in evidence, yet the court would not permit the defendant to show how much they were in error. The Government, he said, based its case chiefly on arguments that Wicoff had an overdraft at the bank, and the court refused to let the defendant show "surrounding facts and circumstances."

These "surrounding facts and circumstances," VanHorn said, included testimony that Wicoff's checks were found in a safe in a back room at the bank, thus the Government inferred that there "was something wrong" with them. Other checks were found in this same safe, VanHorn charged, some written by persons who had sizeable balances at the bank.

Five Serving Terms

VanHorn also said that he would argue that the court's instructions to the jury were contrary to law.

Judge Luther M. Swygert sentenced Wicoff to 18 months on one count of aiding and abetting in the $350,000 bank fraud, and one year each on two other similar counts, to be served concurrently. Wicoff was convicted by a jury in June, 1950.

Five others convicted in the same case are now serving prison terms.

Friday, arguments will be heard in the Circuit Court of Appeals on an appeal of sentence of a Fort Wayne juvenile who was convicted of auto theft. The youth is now in a correctional institution at Ashland, Ky.

Wicoff Guilty On Three Counts

By BRUCE R. HUNT

Dale C. Wicoff, 34, of Spencerville was found guilty last night by a Federal Court jury of six men and six women of participating in the $350,000 Spencerville bank fraud.

Judge Casper Platt, who presided over the three-day trial, deferred sentencing.

The verdict was reported at 8:45 p.m. by Jury Foreman Robert L. Wilt after the 12-member panel deliberated six hours. The jury, reportedly, took "at least 10 ballots" before reaching its unanimous decision.

Wicoff was found guilty on all three counts of the indictment charging him with "aiding and abetting" Clyde G. Rectenwall, former bank cashier in defrauding the Farmers and Merchants State Bank in Spencerville. The tall, rangy, blonde-haired schoolteacher was charged specifically with writing checks knowing he had insufficient funds in the bank to cover them.

Wife Weeps At Verdict

Wicoff received the verdict calmly. His wife, Mrs. Lucille Wicoff, who sat at his side, wept as jurors, attorneys and court attendants cleared the courtroom. No spectators were present when the verdict was returned.

The defendant faces a maximum possible sentence of seven years in the Federal prison and a $7,000 fine.

It was Wicoff's second trial. One of six defendants indicted in the bank fraud, he was convicted by jury on the same three counts November 17, 1949. He was granted a new trial by the U. S. Circuit Court of Appeals in Chicago last March 6, after the appellate jurists ruled certain instructions to the jury in the original trial were erroneous. The appellate court also advised introduction of further evidence.

Repaid $6,000

New evidence presented in the trial just ended included primarily the fact that Wicoff had repaid more than $6,000 to the Federal Deposit Insurance Corporation to cover worthless checks he had written. The FDIC had insured deposits in the Spencerville bank.

It was pointed out, however, that although repayment of the money to the FDIC cleared Wicoff of civil liability, the restitution did not free him of criminal liabilty in the bank swindle.

In his closing argument yesterday, U. S. District Attorney Gilmore S. Haynie, who presented the Government's case, told the jury Wicoff knowingly, or having good reason to believe his account was overdrawn, continued to write checks.

"That is our case," he declared, "that he had the intent or knowledge that he was writing checks without sufficient funds to cover them."

Attacked Bank Records

Government witnesses, representing the FDIC and Federal Bureau of Investigation, testified Wicoff wrote scores of checks totaling approximately $6,000 without depositing funds to cover the checks.

Defense Counsel Winslow Van Horn had vigorously urged the jury to consider the bank records on Wicoff's account "erroneous and incomplete."

"These books were juggled so much and so cleverly that for 10 years they fooled the bank examiners," Van Horn asserted. He charged the prosecution had "generalized" its statements directed against the defendant.

Defense Attorney Otto E. Grant described as excellent by character emphasized Wicoff's reputation, witnesses, as a factor of "supreme importance."

Just 'Careless'

"The defendant had no criminal intent," Grant said. "He was careless, yes, but he already has paid the price for that carelessness."

During the trial, Clyde G. Rectenwall, former cashier of the Spencerville bank, was returned here from the Federal Penitentiary, Terre Haute, to testify. Rectenwall described under oath how he had misapplied the funds of other depositors to cover checks written by Wicoff.

The elderly cashier is serving a five-year sentence for his part in the fraud. He pleaded guilty to the charges.

Others tried and convicted in the bank fraud were Roy C. Chaney, who is serving a five-year prison term, and Lessil O. Bardsley, Ray M. Hoover and Andrew J. Miller, now in prison for three-year terms.

Asked Rereading

The jury returned to the courtroom once last night before reporting its verdict. Members of the panel asked Judge Platt to reread the first count of the indictment. An hour later they returned their decision.

Defense attorneys indicated they will file a motion for arrest of judgment. No date was set for sentencing.

Wicoff and his wife reside in Spencerville. They have two children, a girl, 1½ years old, and a boy, 3.

DALE WICOFF

UP FOR ANOTHER TRY

12 Jurors Selectea For Wicoff Retrial

Impaneling of 12 jurors will hear the retrial of a 33-year-old Spencerville school teacher, indicted for bank-fraud participation, opened the session in Federal Court here today with Judge Casper Platt presiding.

In court for the second time to face charges of aiding and abetting in the $350,000 swindle at the Farmers and Merchants State Bank at Spencerville was Dale C. Wicoff, convicted here June 15, 1950.

U.S. Dist. Atty. Gilmore Haynie is to present the case for the prosecution.

Federal witnesses were to include Clyde G. Rectenwall, former bank cashier, now serving a five-year sentence at the Federal Penitentiary at Terre Haute; Franklin Fell, representative of the Federal Deposit Insurance Corp. who served as liquidator of the Spencerville bank, and Eber Patterson, special agent of the FBI who handled the swindle investigation.

Conviction Dismissed

The conviction against Wicoff was dismissed last March 6 when the U.S. Court of Appeals in Chicago ruled that certain instructions to the jury in the earlier trial had been erroneous.

Wicoff had been found guilty on three counts and not guilty on six counts of the indictment brought against him. Charges for the retrial are contained in the three counts, which charge the school teacher with writing three checks after his account already had been overdrawn more than $1,500.

4 Others Serving Terms

The other four defendants, in addition to Rectenwall, who also were found guilty in the fraud and committed to the Terre Haute prison were: Leroy Chaney, Jr., now serving a five-year term, and Lessil O. Bardsley, Ray M. Hoover, and Andrew J. Miller, serving three-year terms each.

Assisting Haynie in the presentation of the Government's case is Noble F. Schlatter, assistant district attorney. Defense counsel includes Winslow Van Horn and Otto E. Grant.

Members of the jury are: Everett V. Chester, Mildred Y. Meese, Robert Wilt, Mrs. Donald Maitlen, Russell Bovee, Archie Patterson, Evelyn Erickson,, Gertrude E. Kammer, Mrs. Elsie Leverton, Mrs. Glen Jacobs, and Howard E. Banet and Vance Fulk.

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The Journal Gazette
URSDAY MORNING, JULY 12, 1951 SECOND SECTION

Wicoff Wrote Bad Checks For $6,000, Jurors Told

Testimony that Dale C. Wicoff, 34, of Spencerville wrote some $6,000 worth of checks without funds to cover them was heard in Federal Court here yesterday.

The retrial of Wicoff, former Spencerville schoolteacher charged with participating in the $350,000 Spencerville bank fraud, progressed rapidly following the selection of a jury with Judge Casper Platt, of Danville, Ill., presiding.

U. S. District Attorney Gilmore S. Haynie presented the Government's case. First witness to take the stand was Franklin Fell, representative of the Federal Deposit Insurance Corporation, who was assigned to the bank fraud case in September, 1949.

Money Repaid

Haynie asked Fell to identify a packet of 210 checks bearing Wicoff's signature.

"These checks were never recorded on the ledger sheets of the bank," Fell testified.

"And what was the amount of the overdraft, if any?" Haynie asked.

"Approximately $6,000," Fell replied.

"And was this money paid back?"

Fell said it was. Under cross-examination by Defense Counsel Winslow Van Horn, Fell explained that Wicoff had made restitution with the FDIC, which had insured the bank's deposits, in January, 1950.

Further light on the check transactions was given in the testimony of Clyde G. Rectenwall, former cashier of the Farmers and Merchants Bank in Spencerville now serving a five-year sentence in the Federal Penitentiary at Terre Haute for misapplication of the bank's funds. Rectenwall was returned here Tuesday to appear at the trial.

Checks Not Recorded

The former cashier testified that many of Wicoff's checks had not been recorded on the bank's ledger.

"They (Wicoff's checks) were paid by me with funds of the Farmers and Merchants State Bank and covered up by the misapplication of funds from the deposits of other individuals," Rectenwall said.

Under cross-examination by Otto E. Grant, defense attorney, Rectenwall disclosed that Wicoff borrowed $1,000 from the bank in December, 1945, which he placed in his checking account "to alleviate the distress of his overdrawn checks."

Eber Patterson, special agent of the Federal Bureau of Investigation assigned to the bank fraud case, took the stand as the third witness. He testified that the bank's records were incomplete and that many of Wicoff's checks never had been charged against his account. The defendant's overdrafts exceeded $4,500 in September, 1949, Patterson said.

U. S. Rests Case

He related how he and another agent had then contacted Wicoff at his home, informing him that his account at the bank was "overdrawn $5.000 to $6,000." He quoted Wicoff as replying, "I didn't know it was that much."

In cross-examining Patterson, the defense attorneys attempted to show that Wicoff had deposited at least $300 for which he had not received credit.

The Government then rested its case. A defense motion for a judgment of acquittal was denied by Judge Platt, who adjourned the trial until 10 a.m. today.

Members of the jury selected at the opening of the trial are Everett V. Chester, Mildred Y. Meese, Robert Wilt, Mrs. Donald Maitlen, Russell Bovee, Archie Patterson, Evelyn Erickson, Gertrude E. Kammer, Mrs. Elsie Leverton, Mrs. Glen Jacobs, Howard E. Banet and Vance Fulk.

Dale Wicoff Faces Court Jury Again

Spencerville Teacher Gets New Trial on Bank Fraud Charge

Dale C. Wicoff again will face a Federal Court jury here to answer charges of participating in the $350,000 Spencerville bank fraud.

He will be tried before Federal Judge Casper Platt, of Danville, Ill., at 9 a.m. Wednesday.

Wicoff, 33, a Spencerville school teacher, was convicted June 15, 1950, of participating in the bank fraud. Five others also were found guilty.

Wicoff won March 6 from the U.S. Court of Appeals in Chicago the right to a new trial. That court ruled that certain instructions to the jury in the earlier trial were erroneous, and it also deemed proper the introduction of further evidence.

Sentenced 18 Months

Wicoff faces charges of "aiding and abetting" Clyde G. Rectenwall, former cashier at the Farmers and Merchants State Bank, in wilfully misapplying bank funds. The three specific counts charge that Wicoff wrote one check for $103.66 and two for $71.13 after his account was overdrawn more than $1,500.

Acquitted on six counts but found guilty of three, he was sentenced to 18 months in a Federal Penitentiary.

Representing the Government Wednesday will be Gilmore S. Haynie, U.S. district attorney, and Noble F. Schlatter, his assistant. Representing Wicoff will be Winslow Van Horn, of Auburn, and Otto E. Grant, of Fort Wayne.

Judge Platt is replacing Judge Luther M. Swygert who is recuperating from an illness.

Wicoff, Found Guilty in Bank Fraud, to Hear Fate July 26

Disposition of the Dale Wicoff case is scheduled at 9 a.m. [illegible] day, July 26, in United States District Court here, Federal Court officials announced today.

Wicoff, former Spencerville school teacher, was found guilty by a jury here last week in a retrial of participation in the 1949 $350,000 swindle of the Farmers and Merchants Bank, Spencerville. He faces a possible seven-year prison sentence and a maximum fine of $7,000.

Wicoff Wins New Trial In Bank Fraud Case

U. S. Appeals Court Upsets Conviction Of Teacher; New Date To Be Fixed

Dale C. Wicoff, 32-year-old Spencerville school teacher, convicted here last June on charges of participating in the $350,000 Spencerville Farmers & Merchants Bank swindle, won a new trial yesterday. The trial was granted by the U. S. Circuit Court of Appeals for the Seventh District, in Chicago, on an appeal argued before the court last month.

The school teacher was found guilty by a Federal jury in U.S. District Court here on three counts of a nine-count indictment charging him with aiding and abetting Clyde G. Rectenwall, 66, bank cashier, in the misapplication of funds. He was sentenced last August by Judge Luther M. Swygert to 18 months in the Federal Penitentiary at Terre Haute.

The Court of Appeals said testimony on the first six counts might have prejudiced Wicoff's rights. Wicoff was found guilty on the last three.

In his appeal before the Court of Appeals, Wicoff's attorney, Winslow Van Horn of Auburn, charged that the court here allowed to be admitted as evidence bank records that were "admittedly false." The records had been falsified by Rectenwall to cover up the misappropriated funds.

Van Horn also argued that the court's instructions to the jury were contrary to law.

U.S. District Attorney Gilmore S. Haynie, who prosecuted Wicoff and the other five Spencerville fraud defendants in U.S. District Court here, presented the Government's case.

There was no definite indication when the new trial would be held, but it seemed probable that Judge Swygert will set it for the April term of Federal Court in Fort Wayne.

Others sentenced with Wicoff last August were Rectenwall; Roy C. Chaney, Jr., Fort Wayne and Harlan used car dealer; Andrew J. Miller, Leo hatchery owner; Lessil O. Bardsley, Harlan trucker and Ray Hoover, Spencerville grocer. All except Wicoff are serving terms in the Federal Penitentiary in Terre Haute.

The men were indicted in October, 1949, when the swindle was discovered.

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Wicoff Wins New Trial in Bank Fraud

U.S. Court Reverses Conviction of Former Spencerville Teacher

The conviction of Dale C. Wicoff, 32, former Spencerville school teacher, of charges of aiding and abetting in misapplication of bank funds was reversed Tuesday by the United States Circuit Court of Appeals in Chicago. The court remanded the case for a new trial.

Wicoff was convicted in the Fort Wayne Division of the United States District Court last summer of helping Clyde Rectenwall, cashier of the Spencerville Farmers & Merchants Bank, in the misapplication of funds.

The Court of Appeals found that the testimony offered during the trial on the first six counts of the nine-count indictment might have prejudiced the rights of the defendant.

To Retry Case

U.S. Atty. Gilmore S. Haynie, who prosecuted Wicoff for the Government, said Tuesday that reindictment by a Federal Grand Jury would not be necessary in the Wicoff case. He added that he would retry the former school teacher on the three counts of aiding and abetting in the misapplication of funds of which he was originally convicted by a jury. Winslow VanHorn, Auburn attorney, represented Wicoff at the first trial and at the appeal of sentence.

Wicoff has been free under $5,000 bond during the appeal of his sentence, while five others convicted in the same fraud are currently serving sentences in Federal penitentiaries.

Judge Swygert sentenced Wicoff, and the five other, on Aug. 18, 1950. Wicoff's sentence was for 18 months on one count, and one year on each of two other counts of aiding and abetting in the $350,000 swindle. The sentences were to be served concurrently.

New Ruling In Court Decision

Winslow VanHorne reporte last Friday that the U.S. Court o Appeals for the Seventh Distric at Chicago has modified its opinion granting a new trial to Dale C. Wicoff to permit the defense to introduce evidence that the defense was not permitted to present at Wicoff's trial in federal court in Fort Wayne.

The Auburn attorney said the petition for rehearing was filed with the appeals court in an effort to gain permission for the defense to introduce witnesses to give evidence necessary to the defense of Wicoff. Permission was denied at the original trial.

In the opinion, handed down Wednesday by the court of appeals modifying the May 6 opinion granting a new trial, the defense was granted permission to introduce the evidence but the petition for rehearing was denied.

Chief Judge Major and Judges Kerner and Duffy heard the petition. Judge Duffy's opinion stated that the defendant asked the appeals court to specifically pass upon the refusal of the trial court to admit certain testimony.

Testimony at the trial disclosed that a considerable number of Wicoff's checks were cashed but were not charged to his account and were found by Federal Deposit Insurance Corporation investigators in a safe in the back of the bank.

Judge Duffy went on to say that other checks of depositors in the bank whose accounts were not overdrawn, were found in the safe and had not been charged to their accounts.

In the opinion, the defense also was given permission at the forthcoming second trial of Wicoff to bring Wayne Newhouser of Leo to the stand. Newhouser was not permitted to testify at Wicoff's first trial that bank records showed that he was overdrawn when actually he had a bank balance.

No date has been set for the new trial.

Dale C. Wicoff

Wicoff Found Guilty; Faces Sentence, Fine

Jury Returns Verdict After 6-hour Session

Dale C. Wicoff, Spencerville school teacher, faced a possible seven-year prison sentence and a maximum fine of $7,000 today after a Federal jury found him guilty of participation in the $350,000 swindle of the Farmers and Merchants Bank at Spencerville.

The verdict, which covered a three-count indictment, was returned Friday at 8:45 p.m. by Jury Foreman Robert L. Wilt after six hours of deliberation by the panel of six men and six women.

Defers Sentencing

Presiding Judge Casper Platt deferred sentencing for approximately two weeks, at which time he will return to Fort Wayne for the next Federal Court session.

Wicoff faces up to seven years imprisonment and a maximum fine of $7,000.

The defendant and his wife, parents of two children, both were in court when the verdict was read. Wicoff showed little emotion at the pronouncement. His wife, a former school teacher, who testified Thursday in his defence, wept as officials cleared the courtroom. No spectators were present.

It was the second conviction for the defendant, the sixth to be found guilty in the misapplication of funds which resulted in the liquidation of the Spencerville bank.

Wicoff previously was convicted Nov. 17, 1949. He was granted a retrial later when the U.S. Court of Appeals in Chicago ruled that certain instructions to the jury in the earlier trial were erroneous. At the same time, the appellate court deemed proper the introduction of new evidence in behalf of the defense.

To File Motion

Winslow Van Horn and Otto Grant, Jr., defense counsel, indicated they will file a motion for arrest of judgment in the case. Gilmore Haynie, United States attorney, presented the case for the prosecution in the retrial, which opened Wednesday.

Others now serving sentences at the Terre Haute Federal Penitentiary for participation in the swindle include: Clyde G. Rectenwall, cashier for the bank, who received a five-year term; Roy C. Chaney, Jr., now serving a five-year sentence, and Lessil O. Bardsley, Ray M. Hoover and Andrew J. Miller, now in prison for three-year terms.

THURSDAY, JULY 26, 1951

Wicoff Gets 3-year Prison Sentence

Dale C. Wicoff, 34-year-old Spencerville school teacher found guilty of bank fraud in a Federal retrial here two weeks ago, was given a three-year prison sentence here today by Judge Casper Platt.

The sandy-haired father of two children, convicted of aiding and abetting in the $350,000 swindle of the Farmers and Merchants State Bank in Spencerville, will start the sentence in six days.

He will be turned over to the custody of the Attorney General for committment to a Federal institution. Five others convicted earlier of participation in the fraud which resulted in the liquidation of the bank at Spencerville are presently serving sentences at the Terre Haute Federal Penitentiary.

No fines were levied on Wicoff, who had faced up to seven years imprisonment and a $7,000 fine.

Others who received prison terms in the case included: Clyde G. Rectenwall, bank cashier; Leroy Chaney, Jr., Lessil O. Bardsley, Ray M. Hoover and Andrew J. Miller.

Wicoff, who had been convicted in a first trial, was granted a retrial by the U.S. Court of Appeals in Chicago when the court ruled certain instructions to the jury in the earlier trial had been erroneous. In his retrial, concluded here July 13, he was convicted on a three-count indictment.

Disposition of Wicoff's case today was among more than a score of dispositions and arraignments scheduled in the one-day Federal sessio-

The Journal Gazette
FORT WAYNE, INDIANA, FRIDAY MORNING, JULY

Wicoff To Serve Year In Prison

Dale C. Wicoff, 34, of Spencerville, was sentenced to serve a year and a day in prison in Federal Court here yesterday for his part in the $350,000 Spencerville bank fraud.

Judge Casper Platt of the Southern Illinois District, who presided, pronounced the year-and-a-day sentence on the first count of the indictment. He then gave Wicoff a year each on two other counts, the three sentences to be served concurrently.

The former schoolteacher was released under bond and given until next Wednesday morning to surrender himself to begin his prison term.

Wicoff was convicted of aiding and abetting in the misapplication of funds at the Farmers and Merchants State Bank in Spencerville by writing a large number of checks without having funds to cover them. He was convicted a second time on the charges July 13, after he was granted a new trial by the U.S. Circuit Court of Appeals in Chicago on grounds erroneous instructions had been given the jury.

Wicoff, married and the father of two children, was one of six defendants indicted in the swindle. The others are now serving sentences in the Federal Penitentiary at Terre Haute. Among them is Clyde G. Rectenwall, the cashier who permitted Wicoff and the others to amass huge check overdrafts.

DEFENSE RESTS IN CASE

U. S. Opens in Wicoff Trial

U.S. Atty. Gilmore S. Haynie started cross-examination of Dale C. Wicoff, 32, Spencerville school teacher, late this morning after counsel for the defense rested its case.

The third day of the school teacher's trial, in which he is charged with nine counts in the $350,000 Spencerville back swindle, began with the defense continuing to offer as evidence checks and depositor's balance sheets. Wicoff identified the checks as pay for teaching salary and said he "offered them for deposit at the Farmers & Merchants Bank, Spencerville.

Offered Deposit

Asked by Winslow VanHorn, defense attorney, if he customarily offered at least part of the amount as a deposit, Wicoff said that he did.

"Do you ever remember taking a check into the bank and not offering part of it for deposit?" VanHorn asked.

"Yes," Wicoff answered.

"When?," VanHorn asked.

"About the last half of 1946," Wicoff said.

Wicoff said that he couldn't remember any other occasions when he took checks to the bank and didn't deposit part of them.

VanHorn then asked Wicoff, "Did you ever intend to defraud the Farmers & Merchants Bank in Spencerville?"

Wicoff answered, "I did not."

"Did you have any knowledge that Mr. Rectenwall was misapplying funds at the Farmers & Merchants Bank?" he asked Wicoff.

"I did not."

Gave No Encourament

"Did you at any time have any intentions to aid, abet, assist counsel or encourage Mr. Rectenwall to misapply funds?" his attorney asked him.

"I did not."

After a short jury recess, Haynie asked Wicoff if Rectenwall ever told him that "he had some checks." Wicoff answered yes.

Did you ever ask him what he meant when he said this?, Haynie asked. Wicoff said, "I do believe I ever asked him."

(Continued on Page 34, Colum

23 Sworn In As Members Of Grand Jury

6 From Area On Panel; 60 Criminal Cases Will Be Investigated

Six persons from the Fort Wayne area were among 23 sworn in yesterday as members of the Federal Grand Jury which opened its session in South Bend.

The jurors will hear evidence in some 60 criminal cases including 10 from the Fort Wayne Division of Federal Court. Major cases from here being investigated by the Grand Jury are the Spencerville bank embezzlement and check-kiting losses, and the local counterfeiting racket which was broken up here last month with the arrest of three men.

Long Session Seen

The individuals involved are Clyde G. Rectenwall, 65, former cashier at the Spencerville bank who is charged with embezzling approximately $300,000, and Roy C. Chaney, 26, charged with using the mails to defraud in a check-kite scheme which allegedly accounted for an additional $66,000 loss at the bank. Those involved in the counterfeiting scheme are Harold S. Meier, 46, of 1214 Wells Street; Ernest L. Jarvis, 33, of 1521½ Taylor Street, and Claude E. Quarry, 35, of Witmer Lake, near Wolcottville.

Because of the large number of cases scheduled for investigation, the Grand Jury is expected to remain in session the balance of the week.

Those serving on the panel from the Fort Wayne area are: J. K. Sherman and Louis C. Tannehill, both of Fort Wayne; Mrs. Sherman Kunkel, Decatur; Wesley I. Miller, Goshen; Mrs. Leona Rose, Bluffton, and John R. Scott, Wabash. Louis V. Schmidt of Logansport was named foreman of the jury.

Spencerville Bank Loss Of $350,000 Seen

Shortages at the Spencerville Farmers and Merchants State Bank now are expected to exceed $350,000, investigators of the Federal Deposit Insurance Corporation announced yesterday.

The loss earlier was estimated at $206,000.

Clyde G. Rectenwall, former cashier at the bank, is being held in the Allen County Jail on charges of embezzlement and falsification of the bank's records. Officials said his manipulations led to a shortage of about $300,000, previously estimated at $140,000.

An additional shortage is attributed to Roy C. Chaney, 26-year-old Fort Wayne and Harlan auto dealer, who is charged with using the mails to defraud in operating a check-kite scheme. Chaney's operations accounted for a shortage of $66,967.46, officials said.

Evidence in the cases of Rectenwall and Chaney will be presented to a Federal Grand Jury which convened yesterday in South Bend for its Fall session.

Adair, E. Ross 19 42 43 46 49 51 54
Allemandinger, Otto 35
Alter, Clarence L. 26
Amstutz, Noah 26
Arend, Fred 35 36 37
Atkinson, Edgar W. 6
Bailey, Ernest W. 35
Baker, W. J. 2
Baker, Walter 28 29
Bandt, Charles 6 10 12 15 51
Banet, Howard E. 57 58
Bardsley, Lesill O. 11 12 13 17 18 19 20 21
Bardsley, Lessil O. 22 26 29 32 33 34 35 37
Bardsley, Lessil O. 38 39 40 46 50 51 53 56
Bardsley, Lessil O. 57 60 62 63
Baumgartner, Dr. C. R. 44 47
Bayman, Alfred 35 49
Beck, Virgil S. 26
Beers, Orvas E. 19 49
Black, Glenn C. 35
Bovee, Russell 57 58
Buechner, Julius 24
Buhler, Robert A. 2 25
Burley, Don 44 47
Carrick, Kenneth J. 54
Chaney Jr., Leroy (Roy) 1 2 3 4 5 6 7 10
Chaney Jr., Leroy (Roy) 11 12 13 14 15 17 19 20
Chaney Jr., Leroy (Roy) 21 22 23 24 25 27 28 29
Chaney Jr., Leroy (Roy) 30 32 33 34 35 37 38 39
Chaney Jr., Leroy (Roy) 40 46 50 51 53 56 57 60
Chaney Jr., Leroy (Roy) 62 63 66
Chaney, Margaret 2 24
Chapman, Mr. & Mrs. C. E 8
Chaussey, Fremont 26
Chester, Everett V. 57 58
Conklin, Herbert 24 25 26
Creew, Melvin 35
Curtis, Lela 35
Detamore, Mrs. Frances 35
Dickerhoffer, Dave 16
Ditzler, Mame 35
Doak, Arthur N. 35
Duffy, Judge 61
Emme, Dr. Richard 26
Endicott, W. P. 44 47
Erdman, Earl 25
Erich, William G. 28 29
Erickson, Evelyn 57 58
Fell, Frank 16 32
Fell, Franklin 11 23 26 33 35 39 40 42
Fell, Franklin 58
Felton, Oren E. 35
Ferguson, Opal 35
Fisher, L. B. 2 4
Fisher, Lewis 23
Fleming, W. Robert 1 2 6 32 34
Foster, Harvey G. 2
Fruechtenicht, Arthur 20 31 35 36 49
Fulk, Vance 57 58
Getts, Carl 39 40
Goldsmith, Noah A. 26
Grant Jr., Otto 62
Grant, Otto E. 56 57 58 59
Grim, Howard 39 40
Grimm, Howard S. 49
Grimmer Jr., Roy 31 44 47
Grimmer, Roy 33
Habecker, Denton 6
Harl, Maple T. 2
Haynie, District Attorney 15
Haynie, Gilmore S. 2 12 13 18 20 21 23 24
Haynie, Gilmore S. 25 26 27 28 29 30 31 32
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Haynie, Gilmore S. 61 62 65
Haynie, Mr. 10
Hershberger, Andy 16
Hoffman Jr., John 12 26
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Hoover, Ray 21 31 32 33 34 35 36 39
Hoover, Ray 40 46 49 50 51 53 56 57
Hoover, Ray 60 62 63
Jackson, James 31 35 36 49
Jacobs, Mrs. Glen 57 58
Jarvis, Ernest L. 66
Johnson, Donald R. 29 30
Kammer, Gertrude E. 57 58
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Kimes, Vigil 16
Knox, Ralph M. 2
Koch, John C. 28 29
Koch, Virgil 44 47
Kokosa, John 39 40
Kreider, Harvey 39 40
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Lock, Francis 23
Lupke, Lucy 23
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Peeling, Mrs. Ota 23
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Quellette, Ralph 3 5
Rectenwall, Beatrice 28
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Stewart, Lillian 39 40 49
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Talmadge, Russell 39 40 49
Tannehill, Louis C. 66
Teeple, Mrs. Charles 39 40
Thieme, Mrs. Arthur 23
Trimble, Carl 33
Underwood, Jay 23
Underwood, Mel G. 6
Underwood, Nell G. 4
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Van Horn(e), Winslow 62 65
Vorheis, Doris 39 40
Wagner, Mary 23
Walter, Roscoe G. 2
Webb, Dayton 11
Welbaum, Ethel 23
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Wicoff, Lucille 41 48 56
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